



UMDONI MUNICIPALITY

TOGETHER BUILDING UNITY - SIYAKHISANA - TESAME BOU ONS EENHEID



A N N U A L R E P O R T 2011-2012

By 2020, Umdoni will be the JEWEL of the South Coast.

Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

ANNUAL REPORT

JULY 2011 – JUNE 2012





Values

Value	Value Statement
Integrity	Display a level of unquestionable honesty and ethics
Responsiveness	Work to improve the quality of life of all our communities
Dedicated	Be loyal and committed public servants
Efficiency	Ensure all actions are adding value to seamless service delivery
Human Dignity	Show profound respect and observance to human rights of all our communities
Accountability	Be transparent and open about all our actions

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“The 2011/12 Annual report has been prepared in accordance with the provisions of Section 121 of the Municipal Financial Management Act (MFMA), 56 of 2000, Section 46 of the Local Government Municipal Systems Act (MSA), 32 of 2000 and Circular no 63 of Provincial Treasury, and thereafter approved by the Municipal Council after following all the process prescribed by Section 129 of the MFMA. In compliance with the MFMA, this Annual report was tabled by the Mayor at a Municipal Council Meeting held on 30 January 2013, as prescribed by Section 127 of the MFMA, and was thereafter, in terms of Section 21(a) of the MSA, publicized for comments.

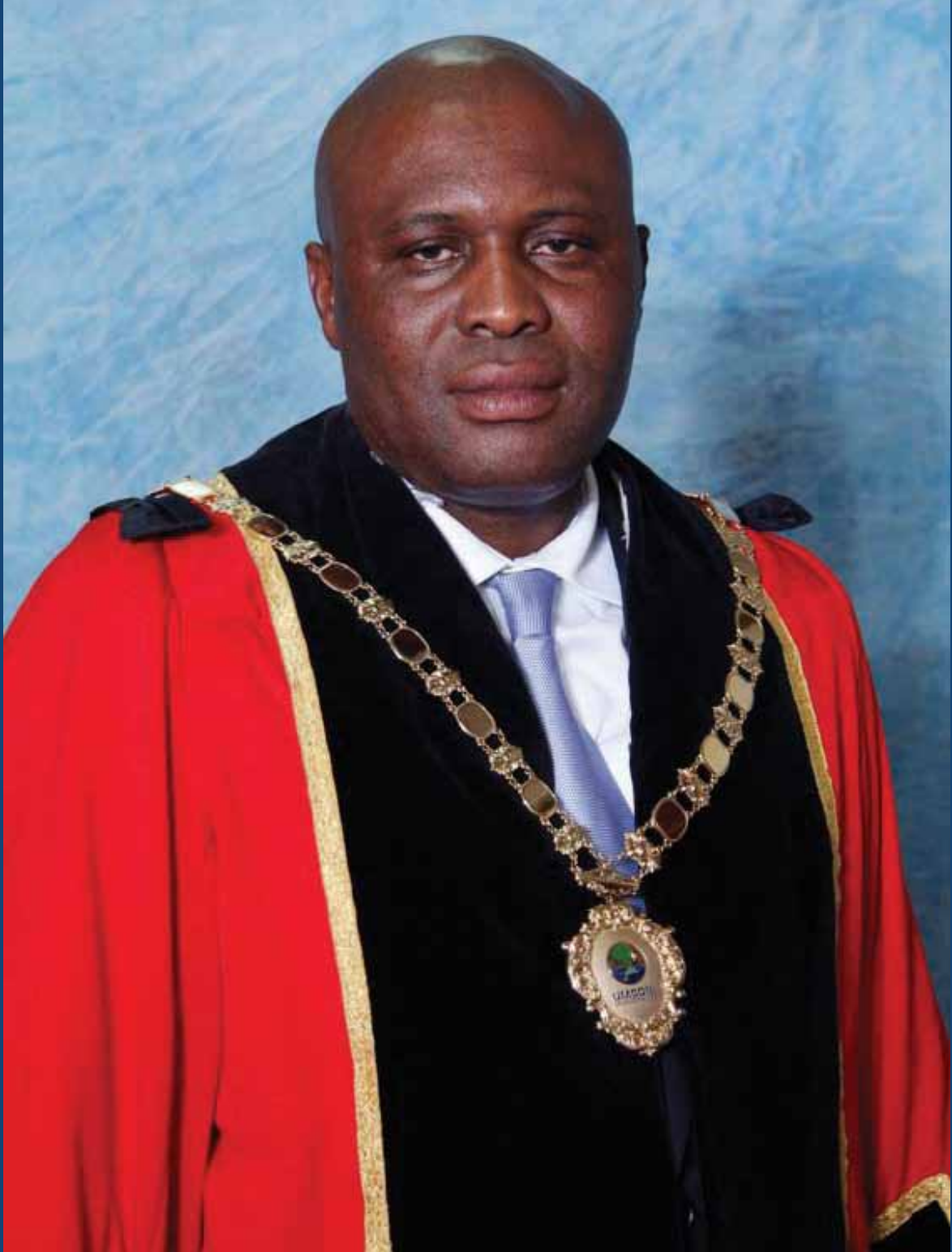
The Annual report was further considered by the Oversight committee which is also the Municipal Public Accounts Committee (MPAC), as directed by Section 129 of the MFMA, to assist the Municipal Council in considering the Annual report. The report of the Oversight is included in the Annual report and is therefore made public in terms of Section 21(a) of the MSA”



Mr DD Naidoo, Municipal Manager

CHAPTER ONE

Mayoral Foreword





His Worship the Mayor, Cllr SSI Khwela

The year under review 2011/12 Financial Year was a transition year for local government, with elections taking place and new councillors including myself being inducted. Furthermore the process of consolidation of municipalities that has been underway since 2000 continued. Prior to 2000 South Africa had some 842 municipalities which were initially reduced to 284 and then 283 municipalities. Closer home further consolidation can be expected in the future.

The year under review saw the introduction of Municipal Public Accounts Committees (MPAC's) which are Council Oversight Committees. The goal of the MPAC's is

Foreword from the Mayor

to enhance accountability and entrench monitoring systems of what goes on within Councils. These Committees fulfil the same role at a local government level as the standing committee of public accounts does at other level of government. The MPAC's are designed to enable municipalities to effectively evaluate performance.

The National Planning Commission has just released the much awaited Development Plan. I expect local government to also play a critical role on this as we move forward. It will be the individual municipality's job to integrate the various national initiatives in such a way that these can find expressions on the plans at a local level. For us to succeed in the implementation of this national plan at local level, it is critical that local government improves governance. This is a key driver of stability and strategic planning which will have a direct impact on the implementation programmes. These are attributes of good governance and accountability at a local government level, which are more critical than ever before.

Local government is the epicentre of development. Whatever the intentions at national or provincial level in respect of driving projects forward, the local arena is the space where it really happens. For this reason it is important for municipalities to focus on building capacity in order to be able to speedily implement service delivery initiatives and thus meet its responsibilities.

Despite all the constraints, challenges and difficulties we recorded a few significant achievements. Of note is the successful completion of the Umzinto CBD upgrade, the Social Development Offices, the KwaCele Community Hall, the bulk of the flood disaster

rehabilitation programme and the Malangen Rural Housing Project. Numerous other projects have commenced and completion is envisaged in the ensuing year.

Now that most of the Disaster Rehabilitation projects have been completed management will have more time to devote to the maintenance of existing infrastructure. Municipalities are on the frontline of service delivery – they are the first to face the complexities of service orientated interactions with the public and business. If nothing else we should always strive to be caring, responsive, transparent and ethical in our dealings with them.



His Worship the Mayor, Cllr SSI Khwela



Mr DD Naidoo, Municipal Manager

It is eight years since I assumed this position in 2005. I take solace and comfort in the philosophy that I have always lived by:-

“Whatever you can do, there will always be somebody who can do it bigger and better”

Local Government as the sphere of government closest to the people still remains the cold face of service delivery. There is no other compelling or competing interest and therefore Service Delivery must remain as the core mandate that justifies our existence.

In our quest to address the imbalances of the past we have focused on provision of new infrastructure to deserving communities. This objective was given impetus by the provision of conditional grants for such projects. In our haste to placate our communities we paid little

Foreword from the Municipal Manager

or no attention to the maintenance of existing infrastructure. Further the effects of climate change are clearly evident and are having a detrimental effect on our roads and storm-water infrastructure.

We have to garner all available resources and with collective wisdom deal with these challenges.

Housing still remains our major challenge and is an issue around which affected communities can mobilise support with negative consequences. It is hoped that the Farm Isonti Housing Project will commence shortly and all informal settlements will be eradicated so that our communities can live with dignity and basic services.

Fiscal discipline has to be a key ingredient of good governance. The ability of a municipality to honour its constitutional mandate of service delivery is dependent on its financial viability. With limited financial resources, municipalities can only focus on its core service delivery functions.

The loss of key personnel especially at Senior Management level poses some very serious challenges like the loss of very institutional memory and capacity. Municipalities cannot be

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Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

incubators for Senior Management and we should never be apologetic in displaying intolerance for mediocrity.

Leadership is said to be the loneliest summit of human endeavour, so for those of us who have neither the inclination nor appetite to navigate through the challenges of unselfishly serving people, we must and should do the honourable deed to bid farewell to a career in local government.

The loss of our “Clean Audit” in 2011/2012 financial year must be a cause for concern.

Irrespective of how plausible our explanation may be it is indeed a regression and both political and administrative leadership of the municipality must offer a timely and decisive intervention to arrest this decline. Council, together with Senior Management must monitor and steadfastly return to the Clean Audit status in 2012/2013. The endeavour to obtain and maintain a “Clean Audit” cannot be an event in isolation, it has to be woven into our daily operations as part of the fabric of our commitment to good governance and service delivery.

There are no service charges and taxes which are due to government which exceed normal credit terms.

Our presence in local government is a voluntary acceptance of the calling to serve our people which we do so by the will of our communities. Let us then accept that our reciprocal act of gratitude should be the provision of Service Delivery Excellence.

I have been privileged and humbled to have been given the honour of serving the communities of Umdoni, within the constraints of my limited wisdom and expertise, I tried to do the best I could and apologetically acknowledge the many times I may not have met the expectations of those I serve but it was not for the want of trying.

Our success is dependent on the commitment and collaboration of both internal and external role-players whom we must acknowledge with unconditional gratitude. For me personally I have the enviable privilege of working with some of the finest political and community leaders whose collective wisdom assisted me to overcome many challenges. The staff that supported me was so informative that my interaction was education in progress.

Our commitment to serve all our people must manifest itself in creating a tomorrow that is better than today.

May Umdoni Municipality continue in its quest to be a constitution synonymous with Service Delivery Excellence.

“I do not regret one professional enemy I have made. Any actor who doesn’t dare to make an enemy should get out of business”. – Bette Davis



Mr DD Naidoo, Municipal Manager

Umdoni Jurisdiction/Boundaries



Introduction and Overview

Umdoni Municipality is located in the UGU District and covers an area of approximately 238 square kilometres. The coastline stretches approximately 40 km from uMthwalume in the south to Scottburgh Freeland Park in the north. It is bound inland by three municipalities: eThekweni Municipality to the north, Vulamehlo Municipality to the west and Umzumbe Municipality to the south/southwest.

The municipality has three major land uses, i.e.: commercial agriculture, traditional authority areas and coastal urban nodes.

Umdoni Municipality forms part of the Maputaland-Pondoland-Albany Region, which is an internationally recognised area of conservation significance and a biodiversity hotspot. The Municipality also forms part of the second richest floristic regions in Southern Africa and contains arguably one of the best coastal grasslands in South Africa, some of which have more Red Data or Protected species per hectare than any other such biome in the country.

Population Overview

Population by Ward

WARD NO.	STATISTICS
Ward 1	7 455
Ward 2	9 905
Ward 3	9 298
Ward 4	6 863
Ward 5	6 556
Ward 6	6 078
Ward 7	8 765
Ward 8	9 211
Ward 9	6 731
Ward 10	8 013
Total Population	78 875

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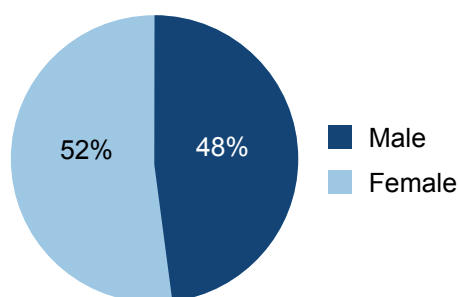
By 2020, Umdoni will be the JEWEL of the South Coast.

Population distribution by Race*

RACE	TOTAL	PERCENTAGE %
Black	60 514	76.74%
Whites	6 704	8.6%
Indians/Asians	10 507	13.3%
Coloured	919	1.1%
Other	231	0.27%
Total	78 875	100%

Population distribution by Gender*

GENDER	NUMBER	PERCENTAGE %
Male	38 294	0.48%
Female	40 581	0.52%
Total	78 875	100%



Population distribution by Age*

AGE GROUP	POPULATION
0 – 10	15 691
11 – 19	13 013
20 – 34	21 798
35 – 49	13 440
50 – 69	11 089
70 – 120	3 844
Total	78 875

Employment Statistics*

PROFILE	NUMBER OF PEOPLE	PERCENTAGE %
Employed	16 698	21%
Unemployed	8 337	10.5%
Discouraged Work-Seeker	3 896	4.8%
Not Economically Active	22 755	28.8%
Not Achieve	27 217	34%

*As per Stats SA 2011-2012

Umdoni Municipal Area and Attractions

Topography

The Umdoni region has been extensively transformed over the past 100 years as a result of human settlement and the agricultural activities. The Umdoni Municipality also forms part of the Indian Ocean Coastal Belt, the largest Bio-resource Group in the province, which extends along the entire coastline of KwaZulu Natal between sea-level and an altitude of approximately 450 meters. The coastal belt between the uMtamvuna and uThukela Rivers is steeply rolling and approximately 20km wide.

Climate

The temperate climate of the KwaZulu-Natal coast is influenced by the warm Indian Ocean. Summers are hot and humid, while winters are mild. Most of the rain occurs in the summer, from late September to March. Rainfall decreases in a westerly direction but averages about 850mm mean annual precipitation.

Topography

The Middle South Coast Region contains three major water sources, namely from the uMtwalume River, Umzinto Dam (Umzinto River) and the EJ Smith Dam.

Rivers: aMahlongwa, Mpambanyoni, Umzinto, Ifafa and Mtwalume have been assessed as vulnerable thus putting the biodiversity patterns and ecological processes associated with that river signature at risk.

Vegetation and Habits

Ezemvelo KwaZulu Natal Wildlife list three vegetation types as existing in the Umdoni Local Municipality, namely South Coast Grassland, South Coast Bush land and KwaZulu-Natal Coastal Forests.



Lotus Park in Park Rynie

Tourism

The beaches and sea are clearly the main attractions, with Scottburgh being the leading center. Tidal pools, surf and rock fishing, surfing, deep-sea fishing and scuba diving are all associated activities.

From this natural resource, a whole range of activities and business have emerged; golf course, mini golf, restaurants and shops aimed at the tourism market, catering, accommodation from camp sites and caravan parks to up market rental units and holiday homes.

Land-use Zones

The Umdoni Municipality can be divided into three major land use zones that is commercial agriculture dominated by sugar cane, the

traditional authority areas located in the north of the municipal area and the coastal urban nodes forming part of the ribbon development along the KZN South Coast.

Development

Just a decade ago the Umdoni Municipality was characterised as having relatively low levels of development, however the recent rapid growth in the real estate market has resulted in a huge increase in development along the environmentally sensitive coastal strip, which places severe pressure on the fragile coastal and marine environment. The areas relatively unspoilt natural features are constantly under threat from developments and practices that are not in accordance with good environmental management principles.



Scottburgh Beach

CHAPTER TWO

Governance



THE POLITICAL GOVERNANCE STRUCTURE

COUNCIL STRUCTURE: POLITICAL LEADERSHIP



Cllr MO Zama, Deputy Mayor
(ANC – Ward 4)



Cllr SSI Khwela, His Worship the
Mayor, (ANC – Ward 5)



Cllr P Naidoo
Speaker (ANC – PR)



Cllr TH Ngcobo
(ANC – Ward 6)



Cllr MN Maphumulo
(ANC – Ward 1)



Cllr GH Nyuswa
(ANC – Ward 7)



Cllr BM Mthethwa
(ANC – Ward 2)



Cllr TH Zondi
(ANC – PR)



Cllr DP Gambushe
(ANC – PR)



Cllr LN Myende
(ANC – Ward 9)



Cllr M Moodley
(ANC – PR)



Cllr BJ Mtolo
(ANC – Ward 8)



Cllr EV Baptie
(DA – PR)



Cllr S Mdluli
(DA – PR)



Cllr S Sookhraj
(DA – PR)



Cllr KK Armugam
(DA – Ward 10)



Cllr S Bhoola
(MF – Ward 3)



Cllr JN Ndlela
(IFP – PR)



Cllr GN Mbambo
(NFP – PR)

THE MANAGEMENT TEAM

ADMINISTRATIVE GOVERNANCE STRUCTURE: THE MANAGEMENT TEAM



MR DD NAIDOO
MUNICIPAL MANAGER



MR XS LUTHULI
GENERAL MANAGER
COMMUNITY SERVICES



MRS CD VEZI
GENERAL MANAGER
PLANNING & DEVELOPMENT



MR A NUNKUMAR
GENERAL MANAGER
FINANCIAL SERVICES



MR SG DLUDLA
GENERAL MANAGER
CORPORATE SERVICES



MR V CHETTY
GENERAL MANAGER:
TECHNICAL SERVICES



MRS L HARISINGH
MANAGER
INTERNAL AUDIT



MFMA Clean Audit Celebration: 6th February 2012

Umdoni Municipality received a Clean Audit Report for the very first time, being the only Municipality within the Ugu District to receive such. Umdoni Municipality was also one of the five Municipalities in KZN and one of the 13 municipalities in South Africa to receive the Clean Audit Report.

The municipality was embraced by the visit of the Auditor General' (SA), Mr T Nombembe on

6 February 2012 to celebrate this achievement. Looking back at the early days of the municipality, this is certainly a huge achievement. In 2005 Umdoni Municipality received a Disclaimer, followed by qualified opinion and two unqualified audit opinions.

This achievement was a result of team spirit by Council, Management and Staff.

Inter-Governmental Relations (IGR)

The Constitution (1996) of the republic of South Africa states that "government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated" - section 40 (1). The distinctive element refers to the autonomy enjoyed by the spheres; that is, the degree to which each sphere is the final decision maker on a particular matter that falls within its area of competence.

The creation by the constitution of this decentralised governance system, which the three distinct but inter-related spheres of government, also gave rise to the need for a systematic system of Inter-Governmental Relations to give effect to the principles of co-operative government.

One of the three basic principles is that the spheres of Government must take concrete steps to realise cooperative government by:–

- a) Fostering friendly relations;
- b) Assisting and supporting;
- c) Informing one another of, and consulting one another on, matters of common interest;
- d) Co-ordinating actions and legislation with one another
- e) Adhering to agreed procedures; and
- f) Municipality legal proceeding against one another

Umdoni Municipality established its Inter-Governmental Relations Committee in 2010. The committee is chaired by the Municipal Manager and consists of stakeholders from different spheres of government, i.e.: SAPS, Department of Health, SASSA, Social Development, Home Affairs etc.

The Committee tackles Service Delivery issues with the aim of improving the lives of our communities.

Public Meetings

Umdoni Mayoral Imbizos: 9 – 11 November 2011

As part of Public Participation, the municipality holds its Mayoral Imbizos on an annual basis. The programme seeks to encourage public consultation and redressing of key service delivery issues thus strengthening the Councils' partnership with residents. The Imbizos are held in conjunction with the Ugu District Municipality and all other local government sectors who aim to advance the lives of our communities.

The previous Izimbizos were held as follows:-

DATE	AREA & RESPONSIBLE COUNCILLOR	VENUE
9 November 2011	Ward 7: Cllr GH Nyuswa	KwaMagwaza
10 November 2011	Ward 9: Cllr LN Myende	Mafithini
11 November 2011	Ward 2: Cllr BM Mthethwa	KwaSgewu

Integrated Development Plan (IDP) Participation and Alignment



IDP/Budget Roadshows: 17 – 19 April 2012:

The IDP and Budget Roadshows are conducted annually. The Roadshows aim to receive public comments or inputs for compilation of the Budget and the IDP for the forthcoming financial year. The Roadshows are held in partnership with the Ugu District Municipality to ensure alignment of projects, programmes and sources of revenue.

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By 2020, Umdoni will be the JEWEL of the South Coast.

The previous Roadshows were held as follows:-

DATE & TIME		AREA & RESPONSIBLE COUNCILLOR	VENUE
17 April 2012	10h00	Ward 1: Cllr NM Maphumulo	Amahlongwa Community Hall
17 April 2012	15h00	Ward 5: Cllr SSI Khwela	Scottburgh Town Hall
18 April 2012	10h00	Ward 8: Cllr BJ Mtolo	Malangeni Sportsfield
18 April 2012	15h00	Ward 3: Cllr TH Ngcobo	Umzinto Dinning Hall
19 April 2012	10h00	Ward 2: Cllr BM Mthethwa	KwaCele Community Hall

Mayoral Highlights

Youth Development Programmes:

Dress a School Child Campaign

The campaign is aimed to encourage pupils to attend school, especially those from disadvantaged communities and to instil confidence. In total, 192 pupils from different schools within the jurisdiction of the municipality received uniforms.

Below are the schools which benefited from the programme:-

BENEFICIARIES	BENEFICIARIES	BENEFICIARIES
St Francis Primary School	Umzinto Primary School	St Anne's Primary School
Shayamoya Primary School	St Patrick Primary School	Umzinto Secondary School
Gugulesizwe High School	Mahlashana Senior Primary School	Amandawe Junior Primary School
Olwasini Junior Primary School	Macebo Junior Primary School	Celokuhle Primary School
KwaMaquza Junior Primary School	Shonkwani Primary School	Zithokozise High School
Amahlongwa Junior Primary School	KwaHluzingqindo High School	Mmoyeni Primary School
Ifafa Junior Primary School	Khuphuka Primary School	Bongumbhele Senior Primary School
Mhlangamkhulu Junior Primary School	Vusisizwe Primary School	Malangeni Junior Primary School
Tholimfundo Primary School	Sezela Primary School	Scottburgh High School
Scottburgh Primary School	Roseville Secondary	Shayamoya Public Primary
iNjabulo Senior Primary School		

Mayoral Cup

Following a draw between Mhlangamkhulu Aces and 11 Experience on the 16th of June 2012 at Malangeni Sport Grounds, it was requested that a Replay be scheduled for the 24th of June 2012 of which on the day, another draw led to penalty shoot-out and Mhlangamkhulu Aces was victorious, punishing 11 Experience by 5-3 on penalties.

Winners (Mhlangamkhulu Aces) took home Prize money of R15 000, Gold Medals and the Umdoni Mayoral Cup Trophy, Runners Up (11 Experience) received R8000 and silver Medals.

On same day, 2 other sporting codes competed, Netball (M/F) and Volleyball (M/F). On both codes, the winners received R3 500, a jersey for



the team and gold medals and the Runners-up received R1 500 and silver medals.

The prizes were presented by His Worship, The Mayor, Cllr SSI Khwela and Umdoni Sports Champion, Cllr MN Maphumulo.

Other Mayoral Activities:

Women's Day Breakfast: 5 August 2011

As part of Women's Day Celebration, Umdoni Municipality held a Women's Day Breakfast on the 05th August 2011 at The House of the Rising Sun. This project was led by the Mayoress of Umdoni, Mrs NP Khwela. Over 100 women from different sectors attended this function. The celebration aimed at recognising and honouring women for the important role they play in our societies.

The Guests Speaker was Senior Advocate for the Department of Justice: Mrs Meera Naidu who is responsible for high profile prosecutions



of business women. Also amongst the speakers was the CEO of GJ Crookes Hospital, Mrs SP Nyawo who alluded women on living a healthy lifestyle.

Standard Bank donated blankets to the needy: 22 August 2011



As part of the social responsibility programme initiated by Standard Bank, blankets were donated to the destitute families within our communities. A team led by the Mayor: Cllr SSI Khwela and the Director of Standard Bank: Mr D Kimber handed over the blankets to the beneficiaries at Malangeni MPCC and Amandawe Community Hall.

International Coastal Clean-Up Day 2011



Beach clean-up: Park Rynie Beach & Tree planting with the Deputy Minister of Environmental Affairs and Mayors

The National Department of Environmental Affairs celebrated the International Coastal Clean-up Day at our Park Rynie Camp Site. The campaign created awareness on the importance of conserving oceans for sustainable development that contribute to economic growth.

The event was led by the Deputy Minister of Water & Environmental Affairs, Ms Mabhudhafasi. The event incorporated local municipalities who have ocean coasts within their boundaries, namely Umdoni, Umzumbe and Hibiscus Local Municipalities.

The Deputy Minister also launched a R11 million project that concentrated on the cleaning of the coast, thus creating job opportunities for 112 residents.

Environmental Education and Awareness

The environmental section has been engaging with schools, businesses, the youth, taxi associations and ratepayer associations in an attempt to educate the public about bad environmental practices such as littering, dumping and pollution.



Environmental Awareness Campaign

Toy Story Campaign: 22 December 2011

On December 2012, the Mayor of Ugu, Cllr NH Gumede and the Mayor of Umdoni Cllr SSI Khwela visited GJ Crookes Hospital to handover collected toys. Councillors and staff from both Municipalities were part of this campaign. The children were presented with different toys and hampers followed by music and songs of joy.



Toy Story Campaign 2011 at GJ Crookes Hospital

Sod Turning – Roads and Bridge in Ogqolweni: 27 January 2012

On 27th January 2012, the municipality held a Sod turning ceremony for the construction of the Gqolweni roads and a bridge. The project was divided into two phases, first phase being the construction of roads and second phase being the construction of the bridge at a cost of R32 million.



Sod-turning, Gqolweni Road and Bridge

Arrival of Indians Labourers in South Africa: 4 March 2012

The KZN Office of the Premier in partnership with Umdoni Municipality and Umdoni 1860 Legacy Foundation held an event in commemoration of the arrival of Indians in South Africa. This event was held on Sunday, 04th March 2012 at the Park Rynie Camp Site.

The MEC for Social Development, Mrs Weziwe Thusi and the Mayor: Cllr SSI Khwela officially unveiled the statue in celebration of the arrival of Indians in South Africa. This event was attended mostly by senior citizens.

Corporate Governance

Risk Management and Anti-Corruption and Fraud

A risk is anything that presents an impediment, or that which could become an impediment in the foreseeable future, to the ability of the municipality to achieve its objectives in the most efficient, effective and economic manner. A missed opportunity to enhance the efficiency, effectiveness and economy of the municipality performance shall also be construed as a risk. Risk management constitutes the convergence of various activities undertaken by the municipality to obtain a thorough understanding of its exposure to risks, followed by the management of such risks in a manner that improves the municipality's overall ability to achieve its objectives. Risk management traverses all strategic and operational activities of the municipality. As such the principles of risk management shall be implemented by each and every employee of the municipality within his or her specific role. Risk management shall be applied in all strategic and operational activities, spanning the disciplines of planning, implementation and monitoring, to identify risks that may affect the municipality's ability to meet its objectives, and to manage such risks to be within the agency's risk tolerance framework.

The mandate for this policy and strategy is derived from the following pieces of legislation and corporate governance guidelines:

- Section 62(1) (c) (i) of the Municipal Finance Management Act 56 of 2003 (MFMA), which prescribes that the accounting officer must ensure that the institution has and maintains

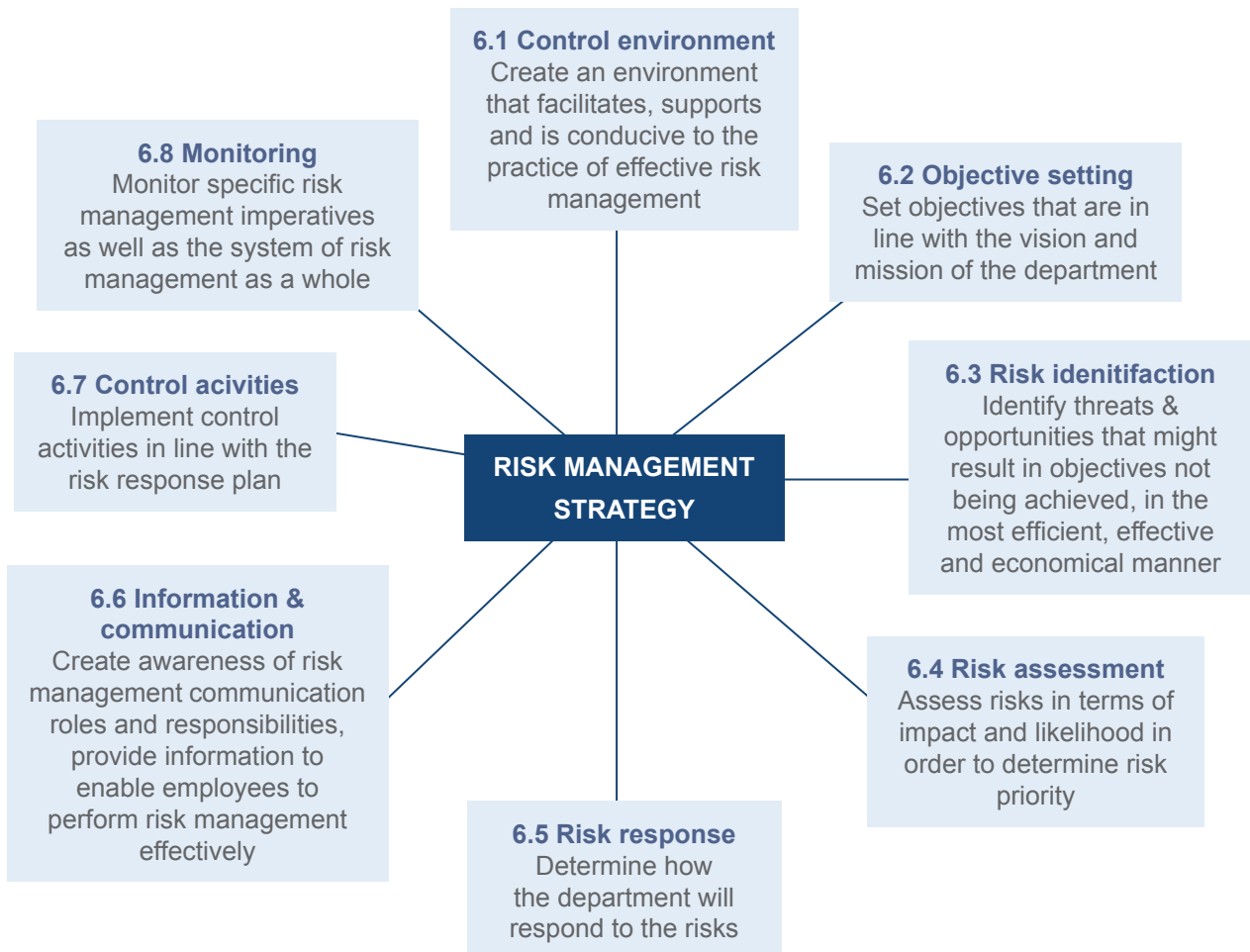
effective, efficient and transparent systems of financial and risk management and internal control.

- Section 3.2.1 of the Treasury Regulations which further prescribes that: "the accounting officer must ensure that a risk assessment is conducted regularly to identify emerging risks of the institution. A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks. The strategy must be clearly communicated to all officials to ensure that the risk management strategy is incorporated into the language and culture of the institution."

King Report on Corporate Governance for South Africa 2002, which applies to "public sector enterprises and agencies falling under the Public Finance Management Act and the Municipal Finance Management Act"

The risk management strategy, in order to give effect to the risk management policy, shall be underpinned by eight distinctive elements, as set out in the diagram below. This represents the broad macro organisational strategy that shall be adopted. It does not preclude the option of the development of tailored strategies for specific areas of operations (e.g. fraud prevention strategy) provided that such strategies remain aligned to the afore-mentioned broad strategy.

Figure: Elements underpinning risk management



To date a Risk Management Committee as per regulations has been established by the municipality. Council has adopted a phased-in approach herein. The Risk profiling Register has been reviewed by management with a support role by Representatives from Provincial Treasury.

Supply Chain Management

Given the interest and potential for fraud and corruption in local government, the need to implement good corporate governance principles in Supply Chain Management processes is vital. Without such, one cannot be assured of the openness, transparency and fairness of the expenditure of funds within any public organization.

At Umdoni Municipality, we have fully implemented a Supply Chain Management Policy which provides for procurement of all categories of expenditure. All Bid Committees have been

established and are fully functioning to impart assurance as to the validity of any procurement undertaken.

To support the SCM Policy implementation, various procedures have been implemented to strengthen accountability and turn-around times.

In addition an active council and audit committee, ensure that best practices are adhered to at all times by all practitioners of Supply Chain Management.

Bylaws

Even though **NO** bylaws were promulgated during 2011/2012, our bylaws were enforced and implemented.



Websites



The municipal website is an integral part of communication between the municipality, its stakeholders and the community at large. The website is managed effectively and allows easy access of relevant information, serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance.

We continually strive to ensure easy access of all the relevant information such as: all pieces of legislation, all council policies, information required by the public eg: valuation roll, tenders and vacancies as per the regulation stipulated by Provincial Treasury.

Municipal Oversight Committees

Umdoni Municipality established the following committees:- Planning, Development and Infrastructure (PD&I), Finance and Administration (F&A), Community Services, Human Settlements and MPAC inline with Section 79 of the Municipal Structures Act.

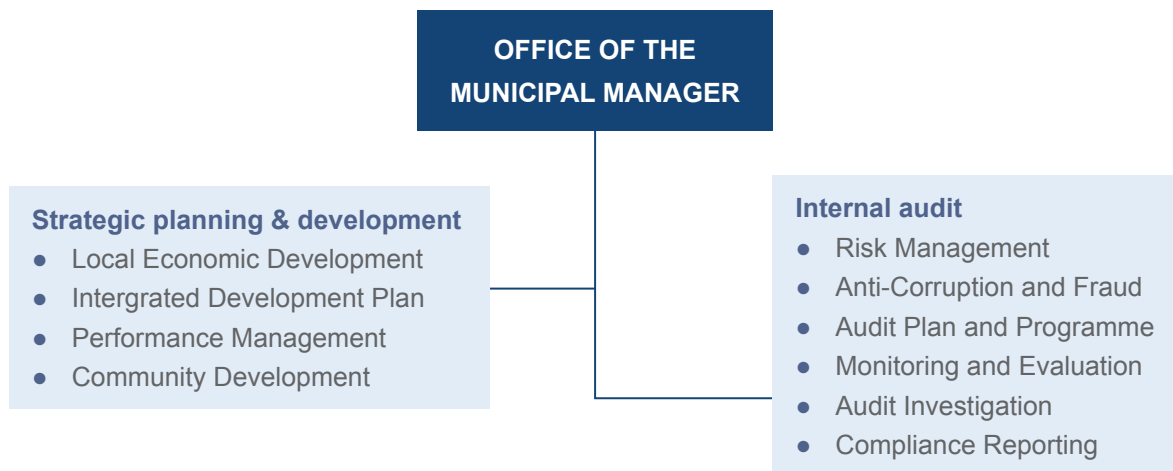
The main role of these committees is to play an oversight function on any administrative matters and make recommendations to Council. The committees assist both administrative and political leadership to make informed decisions and deal with matters objectively and transparently.

CHAPTER THREE

Functional Area – Service Delivery Performance



Office of the Municipal Manager



Strategic Planning and Development

Integrated Development Planning

The IDP is a five year strategic document reviewed annually; this plan is linked directly to the term of office for local Councillors. Spatial planning of the past ensured that the majority of people were located far from areas of economic and social opportunities. This spatial marginalization from economic opportunities is still a significant feature of our space economy that needs to be addressed in-order to reduce poverty and inequality, and ensure shared growth.

Statistical data within the IDP process remains a challenge within the Municipality; to a large extent the Municipality utilised the community survey by Statistic South Africa, however, the challenge with the 2007 survey is that it does not cascade down to ward and municipal level, which makes it difficult to obtain data. It is acknowledged that

other sources of data can be obtained and the Municipality must constantly strive to obtain such data. More effort still needs to be made for the next review. In this year's review 2011/2012, more efforts were made to ensure inclusive public participation, and however, there is still room for improvements.

Institutional Arrangements

Institutionally, the IDP is placed with the General Manager: Strategic Planning and Development, where the Manager is responsible for the management and coordination of the IDP review process. During the 2011/2012 financial year, the document was prepared in-house. To assist in IDP Manager, a Development Planner was appointed.

IDP Process Plan

The Municipal System Act (Act 32 of 2000) stipulates clearly that municipalities must prepare an Integrated Development Plan as their strategic document for the five-year term of Council. In developing the IDP, the process plan must be prepared and adopted by Council. Umdoni embarked on a collective approach for the process plan in preparation of the annual budget, PMS and IDP process. The Council's IDP Process Plan was adopted on 26 September 2011.

Preparing for the 2012/2013 IDP Review

In ensuring that the document is credible, the document is also designed to be simple and easy to understand and follow. As this is a five year plan extensive consultation processes took place. The following activities have been undertaken to produce the 5 year Integrated Development Plan document for the period of 2011/12 – 2015/16:

Analysis of the current situation

- IDP Representative Forums were held on the 01 March 2012, 03 May 2012, 13 September 2012 and 04 December 2012.
- Strategic Planning workshop was held where alignment with MTSF priorities and developmental indicators was undertaken.
- The Municipal Strategic Planning Session was held with the municipal administration

and political leadership where objectives, targets and indicators were looked at and agreed on by Council. The Turnaround Strategy was also discussed in this platform and alignment thereof.

- District IDP Representatives Forums are attended by the municipality together with the District Planners Forums to ensure alignment.
- For implementation another strategic planning session was held with the top and middle management only. This took place on the 3rd – 4th March 2011.
- The draft budget was adopted by Council on the 23 February 2011.
- The draft IDP was submitted through to Council for noting on the 30th March 2011.
- The final document was adopted on the 13th April 2011.

MEC'S Comments

In the review of the IDP for the period of implementation 2010/11 the municipality received its comments from the MEC. The following issues were highlighted by the MEC and action undertaken has therefore been highlighted below. The municipality has endeavoured to attend to most issues and due to financial constraints not all matters were addressed however it is the municipality's intention to address them within the current period of the IDP.

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By 2020, Umdoni will be the JEWEL of the South Coast.

The following table is an excerpt of the submission from the office of the MEC:

KPA	MATTER	ACTION TO BE UNDERTAKEN
Municipal transformation and institutional development	The performance of your municipality on this key performance area can be enhanced through a clear indication of structures that have been set up and the level of participation of Umdoni Municipality in Intergovernmental Relations structures. You are also encouraged to indicate in your 2011/2012 IDP the available capacity to implement the IDP and the challenges in this regard.	The main challenge with the implementation of the IDP has always remained to mainly financial
LED	Since you adopted your LED Plan in 2005, you have undertaken sector based investigations and participated actively in the provincial and district LED initiatives. However, there is limited evidence that these sector plans have been integrated into the IDP or used to update/review your LED Plan. Particular attention should also be paid to ensuring integration with the national and provincial economic development planning initiatives given the strategic location of your municipality along the N2 and in relation to major economic centres.	The municipality is currently reviewing its LED plan with the assistance of DED and will therefore ensure alignment with all policies and programmes.
Basic service delivery and infrastructure	There is evidence of some sector plans that have been prepared such as the Housing Sector Plan however improvement will be achieved through the preparation of sector plans such as the Waste Management Plan and Integrated Infrastructure Investment Plan and the subsequent integration of the sector plans into the IDP.	Due to financial constraints the waste management plan is currently being prepared under the district municipality. The Infrastructure Investment Plan is still outstanding.
Financial viability and management	You are encouraged to strengthen strategies for revenue enhancement debt collection and-control.	The municipality has made it its priority and objective in this plan to come up with new revenue streams and enhance debt collection.
Good governance and community participation	You are advised to consider in your next IDP review issues such customer/client satisfaction, building social cohesion and community mobilisation for self-drive. This will improve your planning and performance in respect of good governance and community participation.	This will be considered once the communication strategy becomes reviewed.
Spatial development framework	This section of the IDP could be enhanced through the formulation of a Strategic Environmental Assessment and a capital investment framework indicating spatial allocation of capital projects in relation to nodes, corridors and other strategic areas for intervention.	The municipality is currently busy with the drafting of the SEA.

Challenges

Whilst we are encouraged by the strides that we have made as a municipality we cannot say we are without challenges. We are able to highlight a few challenges that we have experienced as a municipality in the preparation of the IDP. To name but a few:

- Statistical data – the official data that is used by us and most municipalities is that of Stats SA, this has proved to be a challenge as the latest data we have is that of census 2001 or community survey 2007. The Eskom household data has assisted a lot as we have used mainly those statistics for this document as taken out from the district's IDP. However this also creates a problem as not all the information is available within that household survey. The difficulty in the availability of ward information within the recent statistics poses as a challenge.
- Community Participation - Understanding the concept of the IDP by all the communities whilst contributing meaningfully to the development of the IDP is still seen as a challenge. We await the time where all will be understanding the process, the concept and the role to be played.
- Alignment with the various institutions and government departments - even though we now have a few departments coming on board and understanding that the IDP process is a collective, the majority of the departments are still not participating within these processes and their programmes are not represented within our plan.
- Effective implementation of the IDP – because of the nature and complexity perception of the IDP, our municipality has not fully mastered implementation. This was also echoed by our political leadership at the strategic planning that was held whilst preparing this document. The need to be synergetic between the planning department and the implementing departments must be streamlined.
- Producing a simple IDP that is understood by all as a result of the compliance matters that have to be addressed by the municipality as per COGTA's credibility – the document that we often produce is voluminous thick and therefore not necessarily reader friendly as a number of annexures have to be appended.
- Ownership of the IDP by all stakeholders- The process of IDP preparation planning still remains in its entirety, a grey area, albeit we are in an advanced stage of democracy. Our shortcomings with a fully participative community liaison process needs to be embraced and addressed hence ownership of the IDP by stakeholders unintentionally a challenge.



Local Economic Development

Agricultural Support

The municipality assisted in establishing 5 communal gardens from 5 different wards in the year under review. Internal funding and a grant received from Old Mutual was utilised to fund this project.

The table below provides detailed information on the assistance provided to each Co-operative:-

WARD	NAME OF COMMUNAL GARDEN	TYPE OF ASSISTANCE	QUANTIFIABLE COSTS	OTHER COMMENTS
1	Bambanani	Agricultural Implements	R2 400.00	Internal Funding
1	Simunye	Agricultural Implements	R2 400.00	Internal Funding
5	Imbewu Yesizwe Co-operative	Fencing	R78 000.00	Old Mutual Grant
8	Senzakwenzeke	Agricultural Implements	R2 400.00	Internal Funding
9	Masifundisane	Agricultural Implements	R2 400.00	Internal Funding
7, 8 & 9	Mzamowethu Agricultural Association	Traditional Food Show exhibition	R 799.26	Internal Funding

Community Development

Alternative Energy Supply

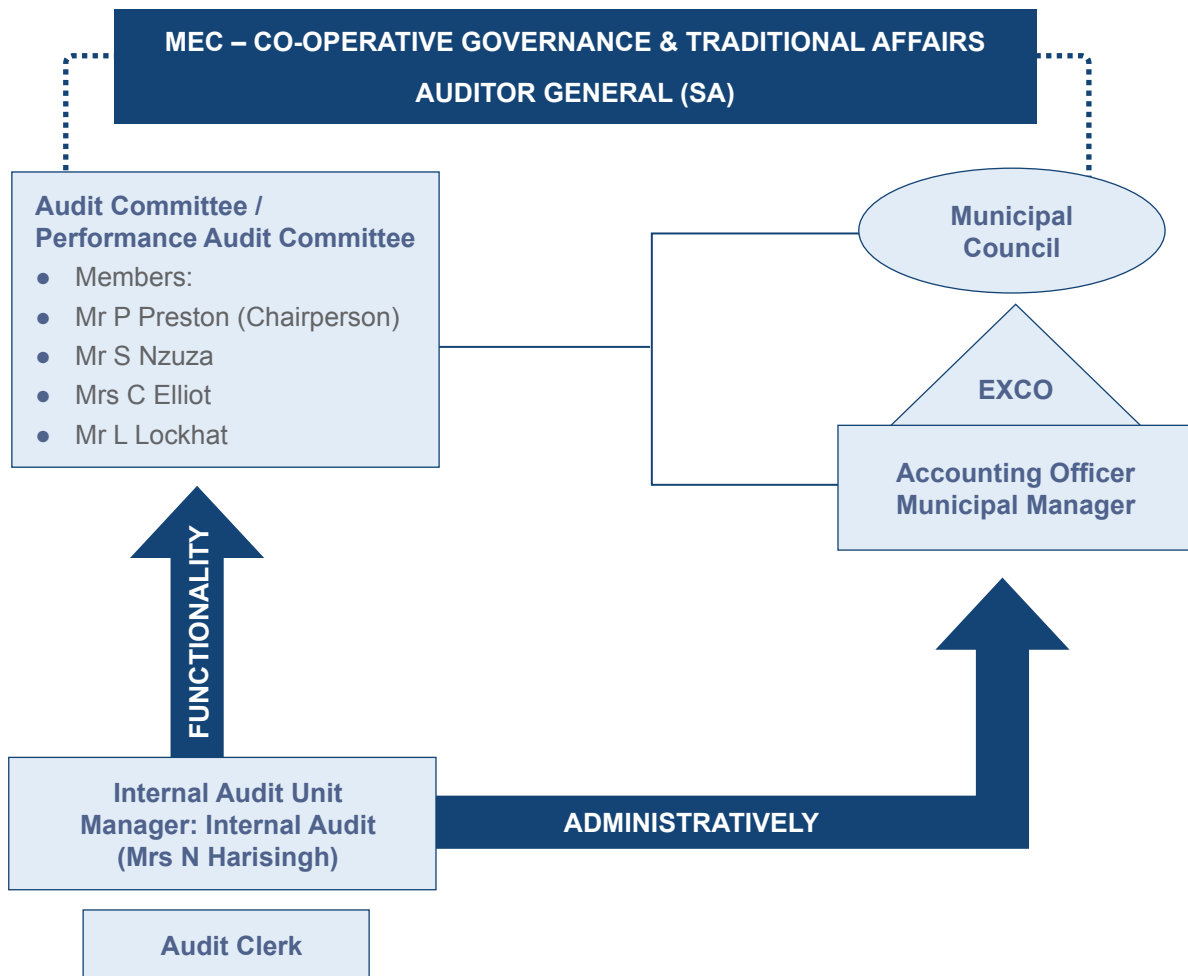
At the beginning of the financial year, the municipality provided alternative energy (Gel) to 5 020 beneficiaries.

During the course of the year, phase 2 of the Electrification project commenced and areas of Amahlongwa and Malangeni benefited. At the end of the financial year the municipality provided for 4 000 beneficiaries which included new beneficiaries.

Umdoni municipality in conjunction with PACE (non-profit organisation) joint ventured and managed carbon credits through the alternative energy project programme. Funds generated from this initiative were reinvested; into the Alternative Energy Supply Project.

Internal Audit

Structure of the Internal Audit and Reporting Protocol



Structure of the Audit Committee

Parallel to Section 165, Chapter 14, of the Municipal Finance Management Act (MFMA) Umdoni Municipality continues to sustain its own Internal Audit Unit. As per legislative directives, the unit is statutorily driven. The Audit Committee and the Internal Audit unit are governed by respective charters which are reviewed and adopted annually by Council. The Audit Committee reports directly to Council. The committee comprises four members, all of whom are external members

who have been recruited via public tender. The members are Mr Paul Preston, who is the Chairman, Mr S Nzuza, Ms Chantelle Elliott and Mr I Lockhat. Umdoni Municipality's senior management team being the Municipal Manager, Mr DD Naidoo and the General Manager: Financial Services, Mr A Nunkumar (CFO) and the Manager: Internal Audit, Mrs N Harisingh fulfil roles as in-attendance at the Audit Committee as per the Audit Committee Charter.

Structure of the Performance Audit Committee

Council adopted the Audit Committee as its Performance Audit Committee. Legislatively the Committee must sit twice for a financial year. Also statutorily established under the auspices of the Charter of the Audit Committee serving as its Terms of Reference, the Performance Audit Committee continues to function with Manager:

Internal Audit, Mrs N Harisingh and the Senior Manager Strategic Planning & Development, Ms B Jaca fulfilling their roles as in-attendance at the Performance Audit Committee. A new Head of Department as a General Manager: Planning & Development, Mrs CD Vezi has replaced Ms Jaca with effect from 01 June 2012.

Functions of the Internal Audit Unit

Internal Audit provides an independent, objective assurance and consulting activity that adds value and improves the operations of the municipality. Helps the organisation to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

The Internal Audit Unit utilises the standards as set by the Institute of Internal Auditors (IIASA)

a body which functions within a professional practice framework being the Standards of Best Practice of Internal Auditing which became effective on 01 January 2004, Version 05/03/2004. Internal Audit has endeavoured to be very strong on its code of ethics. The King III Report has been the latest addition to regulating best practices which predominantly speaks to the strategic and corporate combating of fraud and corruption.

Risk Management and Anti-Corruption and Fraud

Deliverables and Achievements

The year under review has brought about a myriad of unexpected and unplanned events primarily due to the cascading, overarching Local Government Developmental priorities and deliverables. Municipalities, being the “Engine-Room of Local Government”, are entrusted with the task of implementation on the said priorities and deliverable. Umdoni Municipality having attained a Clean Audit resultant opinion from the Annual Audit undertaken by the Office of the Auditor-General (SA) has been earmarked for continued and improved sustainability of such report. Hence the deliverable for internal audit

has now become a pronounced strategic target. It is therefore befitting to narrate the progression of the planned developments raised for attention in the year under review as indicative on the Annual Report 2010-11, this being the departure point of the Internal Audit Section.

As part of resource availability, an Internal Audit Internship programme is being embarked upon. This allows for the incumbent to gain experience and a simple stipend. As an empowerment programme, Internal Audit is pleased to report that the programme has proven beneficial to both the organisation and the incumbent.

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Deliverables

KEY PERFORMANCE AREAS	SUB-PRGRAMME	STRATEGY PROCESS	OBJECTIVES	STATUS REPORT
KPA: Governance Anti-Fraud & Corruption	1. Anti-Fraud Corruption Strategy 2. Fraud Prevention Plan – Implementation 3. Awareness Programme – Internally & Externally	To introduce detection controls in order to deter fraud on an on-going basis. Implement Fraud Prevention Plan	Ensure that fraudulent & corrupt activities be detected, reduced and prevented. Encourage and Foster a conducive environment and ethical workforce.	Roll-Out of Strategy is on-going per target per annum. MIA deals with issues of fraud and in conjunction with Corporate Services deals with reports from the Presidential & Premiers' Hotline. Centralised Fraud system currently being explored with District Municipality. Included in Each S57 Performance Contract.
KPA: Governance Risk Management	1. Risk Management Officer 2. Risk Management Committee 3. Risk Management Policy & Strategy 4. Risk Management Training	To ensure that preventative measures are in place to minimize and mitigate risk on an on-going basis. Inculcate a culture of risk management and control.	Our Municipality must endeavour to reach a break-even point between risk and control to establish a conducive environment	Risk Management Committee has been established. Empowerment, Awareness & Roll-Out programme are currently being arranged. GMFS & MIA deals with issues of risk in conjunction with the newly established RMC. Centralised RMO is presently being explored with DM. RMC must meet regularly. Management must attend to Risk Registers and manage same. Included in Each S57 Performance Contract The possibility of procuring a Risk Profiling System must be explored
KPA: Governance Internal Audit	Annual Internal Audit Plan 2011-12			IT – Funding issues. PT assistance in FY 2011-12. Waste Management expunged due to funding and scope constraints.

Risk Assessment

A risk-based audit plan which spans over a three year period has been adopted by Council. Subsequent to an annual revision of the Risk assessment register, an Annual Internal Audit Plan is collated. Risk management is prevalent and rife with salient challenges which are not unique to the Umdoni environment. Risk is addressed in the categories of Operational; Strategic; Informational;

Financial; Legislative and Reputational/Social and is monitored on a low, medium and high rating scale.

Risk Management Committee (RMC) has been established. The Annual Internal Audit Plan for Financial Year 2011-12 has been primarily informed by the Risk Profiling process.

Audit Plan 2011-12: Internal Audit Projects

Internal Audit projects were planned and executed as follows:-

	PROJECT/FOCUS AREA	QUARTER 2 (October to December 2011) FYE (2012)	QUARTER 3 (January to March 2012) FYE (2012)	QUARTER 4 (April to June 2012) FYE (2012)
1	Revenue and Debtors Management		*	
2	Information Technology – Follow-Up Review & Phase 2		*	
3	Disaster Management – Follow-Up Review & Phase 2		*	
4	Supply Chain Management Follow-Up (M & E Report)	*		
5	Institutional Performance Management System, Regulations for 2006, Chapter 13 <ul style="list-style-type: none"> Indicators in the IDP Alignment between the IDP, SDBIP and PMS PMS Policy Framework General Key Performance Indicators Existence of PMS for non-section 57 employees Monitoring of performance Compliant annual review of Section 57 employees 	*	*	*
6	Waste Management <ul style="list-style-type: none"> Scope to be determined by Management 			*

Audit Report 2010 – 11: Plan of Corrective Measures

Internal Audit is tasked with the responsibility of monitoring and evaluating the adherence of the Action Plan stemming from the Plan of Corrective Measures for the Audit Report 2010-11 (A-G), including matters arising from the Management Report 2010-11(A-G). All matters were successfully attended to.

REGULARITY AUDIT					
Category	Ref.	Findings	Management Action Plan	Responsible Person	Due Date
Irregular expenditure	8	Irregular expenditure of R930 138 as disclosed in note 35.3 of the financial statements was incurred as a result of the municipality procuring with suppliers whose members were in the service of the state, contrary to paragraph 44 of the Municipal Supply Chain Management (SCM) Regulations and deviations not approved contrary to section 36 of the SCM policy	<p>This consists of the following expenditure :</p> <p>R187 644: <i>This relates to procurement which was undertaken by the user department without following the necessary processes. This was identified prior to payment and a Sec 36 deviation approved prior to payment. All departments have been workshopped on the process. Should this continue, disciplinary action shall be recommended.</i></p> <p>R742 495: <i>This relates to expenditure incurred with individuals who were employed by Provincial and National Departments. The AG has agreed that no central database exists to verify this against and as such poses a National challenge. This shall be raised with the provincial SCM forum to provide guidance.</i></p>	GM: FS	On-going
PEFORMANCE AUDIT					
Category	Ref.	Findings	Management Action Plan	Responsible Person	Due Date
NIL ITEMS ON AUDIT REPORT FOR PERFORMANCE AUDIT					

Municipal Strategy

It is believed that self-isolation and an insular existence is unsustainable in a transitional environment such as ours and it is therefore that in support to our Municipal Manager in delivering our constitutional and statutory duties, the unit fulfils this mission by primarily contracting the following strategy for the 2011-12 financial year:-

KEY PERFOR- MANCE AREAS	SUB-PROGRAMME	STRATEGY PROCESS	OBJECTIVES
Financial Viability (Audit Report)	Maintenance of Clean Audit Report	Monitor & Evaluate all Action Plans. Ensure that all internal controls	Ensure sustainability of the Audit Status.
Governance (Anti-Fraud Corruption)	1. Anti-Fraud Corruption Strategy 2. Fraud Prevention Plan - Implementation 3. Awareness Programme – Internally & Externally 4. Presidential / Premier Hotline	To introduce detection controls in order to deter fraud on an on-going basis. Implement Fraud Prevention Plan	Ensure that fraudulent & corrupt activities be detected, reduced and prevented. Encourage and Foster a conducive environment and ethical workforce.
Governance (Risk Management)	Risk Management Strategy & Risk Management Committee	To ensure that preventative measures are in place to minimize and mitigate risk on an on-going basis. Inculcate a culture of risk management and control.	Our Municipality must endeavour to reach a break-even point between risk and control to establish a conducive environment.
Governance (Policies, Procedures & Systems)	1. Monitor & Evaluate progressive development of the Policy & Procedure Register 2. Compliance with Policies & Procedures	Ensure the formulation & adoption of Policies & Procedures Ensure processes in place to acquire systems.	To ensure the development of and compliance with policies and procedures and to maintain the Register. Inculcate a culture of compliance and to maintain an enabling/sustainable register

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KEY PERFORMANCE AREAS	SUB-PROGRAMME	STRATEGY PROCESS	OBJECTIVES
Governance (M & E - Action Plans)	1. Monitor & Evaluate progressive implementation of Plan of Corrective Measures for Regularity Audit. 2. Monitor & Evaluate progressive implementation of Plan of Corrective Measures for Performance Audit. 3. Implementation of Audit Process Plan and Timetable	Monitoring & evaluation, implementation of plan of corrective measures emanating from audit reports (a-g & other) Successfully implemented plan of corrective measures	To ensure the compliance with Plan of Corrective Measures. Inculcate a culture of compliance and to maintain an enabling/sustainable working environment.
Governance (Oversight Role: Co-Ordination)	Co-Ordinate Meetings:- 1. MPAC 2. Audit Committees 3. Performance Audit Comm. 4. Audit Steering Committee Implement Annual Internal Audit Plan. Assessment for:- 1. Internal Audit 2. Audit Committee	Oversight Roles Legislative Requirements. Batho Pele Principles	a. To foster meaningful relation with all communities in the affairs of the municipality and to eradicate unethical behaviour b. Inculcate a culture of transparency and meaningful relations and unethical behaviour

Challenges

Local Government has a significant role to play in government's responsibility to provide services to stakeholders. The accounting and auditing profession can assist beyond Financial Statement audit and advice and make a meaningful impact on our municipality and our quest to better deliver against the service promise. Stakeholders are placing more emphasis on measurable objectives and outcomes including the President, Cabinet, parliament, MEC's and other municipal councils.

The attainment of Umdoni's third consecutive Unqualified Audit Report points Umdoni into the correct path of achieving deliverables to the Clean Audit 2014, as earmarked for Umdoni "Clean Audit 2012". The quality of and resultant Audit Report is now being utilised as a primary yardstick and benchmarking tool to assess Municipality's administrative capacity and performance competency. Our challenge is indeed Performance Management (PMS) as a whole.

The Auditor-General's current strategy of issuing an audit opinion on performance information to management for the year ended 30 June 2012 and including such report for Umdoni Municipality is

2012 (medium capacity), is certainly increasing the urgency of our municipality to assess our current situation and improve the system.

Internal Audit attends to performance reporting and verification processes thereof. The phased-in approach has revealed a number of issues which is corrected and improved will place our municipality in a better position not only to report on performance against pre-determined objectives but to take timely corrective action in such areas where non-achievement prevails with respect to our service mandate. Some issues identified for the year under review are as follows:-

- Ineffective and inefficient system of internal controls to determine, collect, analyse, verify and report performance;
- Key Performance Indicators (KPI's) not meeting the "SMART" criteria as set by National Treasury in the Framework for Reporting Programme Performance issued in May 2007;
- Inconsistent reporting between annual business plan, monthly reports, quarterly reports and annual reports; and
- Lack of supporting evidence regarding actual performance reported or evidence that shows differences between performance reported and that of supporting documentation.

Now, the above will enable all stakeholders and communities to gauge and measure the performance of the municipality in supplying services to its constituencies, however in the absence of such accountability or the lack of it cannot be questioned.

The benefits of the PMS must not be underestimated. A credible OPMS is crucial for our municipality to meet our mandate and provide an added incentive of obtaining an unqualified performance information audit report. Improving performance therefore, starts with improved performance reporting.

It is hoped that the new FY2012-13 will endeavour to address all such identified shortcomings with a direct responsibility of performance competencies.

Finance Department

The following departmental structure is existent within the Finance Department:



Income

Municipal Property Rates and Valuation Roll

1 July 2008 herald the implementation of the first ever consolidated valuation roll within Umdoni Municipality. The market based valuation system represented a significant change from the municipal based system of valuation. Ratepayers were now rated on the willing seller-willing buyer principle as opposed to the previous municipal value.

During the course of the year, significant progress has been made in improving the quantitative aspects of the valuation roll. The 2011/12 financial year represents the last year of the current valuation roll. Processes are underway to finalize the second generation valuation roll.

A communication strategy has been developed and implemented to ensure the communities buy in during the compilation of the 2012 Valuation Roll. This has consisted of various public meetings, press articles, the distribution of information brochures and the placing of public posters.

Indigent Support

During the 2011/12 financial year Umdoni Municipality continued indigent support in respect of refuse services, certain categories of electricity users and rates.

In order to ensure the necessity of service, all applicants are subject to a verification process prior to the extension of such services.

The following table represents the amount of benefits extended to qualifying applicants.

	REFUSE	ELECTRICITY	RATES
Number of households	782	1292	710
Rand value	R443 629.00	R44 031.00	R1 648 370.00

The indigent database shall be extensively reviewed and updated during the 2012/13 financial year.

Debt Recovery

Debt Recovery remains one of Council's priority areas.

Whilst Umdoni does understand the plight of ratepayers in these tough economic times, in order to remain a viable entity and render continued services to an ever increasing need, all revenue due must be collected. With the cost of services spiralling higher, it is imperative that we improve our collection of rates so as to negate the impact of any future increases.

The total recovery R68 877 971.00 against the charges for the 2011/12 year has increased due to intensified debt recovery efforts with a recovery percentage of 100% (2010/11 : 98%) being achieved

Expenditure

Grant-In-Aid

Umdoni's Grant-in-Aid allocation is for the upliftment and assistance of non-profit organizations within the municipality.

In a break from tradition, the 2011/12 allocation was issued in a hand over ceremony, which served to highlight the sterling work undertaken by the various organisations.

The 2011/12 allocation was distributed to the successful qualifying applicants listed below.

NAME OF APPLICANT	AMOUNT
Park Rynie Senior Citizens Association	R4 843.75
Child Welfare SA (Umzinto)	R4 843.75
Umzinto Association for the Aged	R4 843.75
Scholar Amoris LSEN School	R4 843.75
Scottburgh Tennis Club	R4 843.75
Ghandinagar Senior Citizen Club	R4 843.75
Pennington Recreation Club	R4 843.75

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NAME OF APPLICANT	AMOUNT
Siyakhula Senior Luncheon Club	R4 843.75
Park Rynie Cricket Club	R4 843.75
Inkanyezi Foundation for the Physically Challenged & Disabled	R4 843.75
Khanya Hospice	R12 500.00
Sukumuzame Community Development Organisation	R4 843.75
Club Blue Horizon – Sezela	R4 843.75
SA Red Cross Society	R4 843.75
Park Rynie Civic Association	R4 843.75
Sezela Deepavali Cheer Group	R4 843.75
Scottburgh Surf Lifesaving Club	R4 843.75
Total	R90 000.00

Budget and Compliance

Umdoni Municipality has over the past financial year entrenched the role of the budget office within the organization. This section now plays a key role in the following financial disciplines:

- Reporting to external stakeholders, e.g. National Treasury, Statistics South Africa.
- Reporting to internal stakeholders via weekly and monthly variance analysis reports.
- Consolidation of final and adjustment municipal budgets.
- Monitoring and updating of the asset register.

In addition, a greater emphasis has been placed on interpretation of budget information by the implementation of narrative explanation reports to all portfolio committees.

Further a concerted effort has been made in order to ensure that all Umdoni's returns were timeously completed and submitted to National Treasury.

Compliance to the Budget Regulations was further enhanced during the mid-year adjustment budget and the development of the 2012/13 Medium Term Revenue and Expenditure Framework.

Implementation of the GAMAP/GRAP Accounting Standards

The exemptions previously available to all medium capacity municipalities have now been lifted, requiring almost full compliance with GAMAP/GRAP during the period under review. This has resulted in significant changes to our processes to ensure alignment to the accounting standards.

Our largest challenge remains however the implementation of GRAP 17, Property Plant and Equipment.

Supply Chain Management

Supply Chain Management remains one of the most dynamic and challenging sections within the Finance Department.

During the year under review significant strides have been made towards the review of the Supply Chain Management Policy and the implementation thereof. The SCM internal audit recommendations were also continually implemented.

As informed by the recommendations thereof, SCM is now headed by a Manager and reports directly to the GMFS. This is a departure from the previous organizational structure whereby SCM reported to the Manager: Expenditure. It is envisaged that this shall lead to greater efficiency and effectiveness within this section.

In accordance with our policy we have a fully-fledged bid committee system and qualifying bids are weighted to ensure preferential points are taken into account. To further enforce the pillars of transparency, equity and fairness Umdoni Municipality has finalized the procurement of an automated SCM system.

Supply Chain Management Governance

There are three Bid Committees in place and their functions are briefly as follows:-

Bid Specification Committee	Members	Meetings held
Compiles the specifications for the procurement of goods and services by the municipality.	<ul style="list-style-type: none"> GM Technical Services: Chairperson – B Manager Expenditure Manager Legal & Estates Manager Environmental/Project Management Unit Representative from Department requesting product /service 	8
Bid Evaluation Committee	Members	Meetings held
Evaluates bids and recommends to the bid adjudication committee, regarding award of the bid.	<ul style="list-style-type: none"> GM Corporate Services: Chairperson – B GM Technical Services Manager SCM Manager Income Representative from Department requesting product /service 	22
Bid Adjudication Committee	Members	Meetings held
Considers the report and recommendations of the bid evaluation committee and makes a recommendation to the Accounting Officer (Municipal Manager) on how to proceed with relevant procurement of goods and services.	<ul style="list-style-type: none"> GM Financial Services: Chairperson – B GM Community Services Manager Legal & Estates Manager Budget & Compliance Manager – Environmental / Project Management Unit 	23

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Tenders awarded in 2011/12 Financial Year

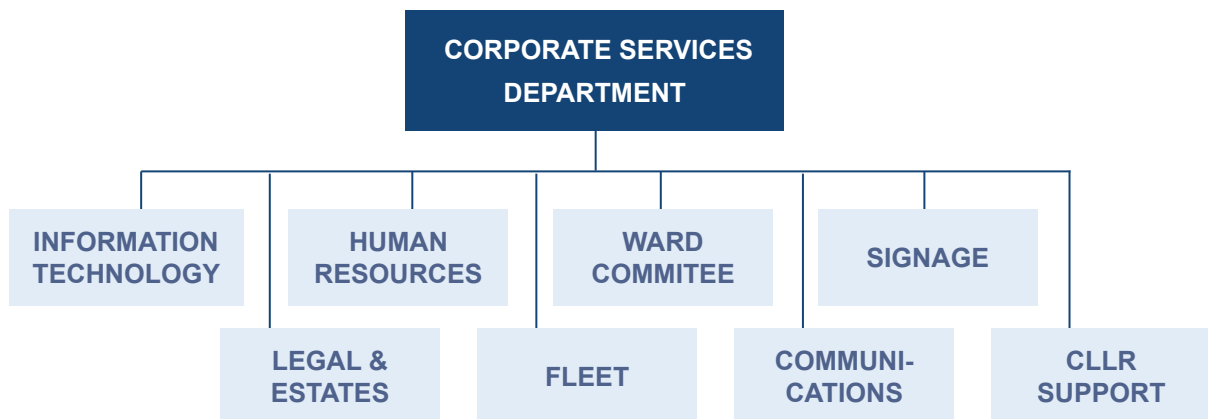
TITLE / DESCRIPTION	SUCCESSFUL TENDER	TOTAL TENDER
Alternative energy supply – gel	Flammable Green Gel	R1 872 000.00
Supply & delivery of refuse bags	PJ Plastics	R240 000.00
Supply & delivery of bulk diesel	JVR Fuel Services	R8.26
Supply & delivery of bulk unleaded petrol	JVR Fuel Services	R8.35
Supply & delivery of toilet paper	White & Soft	R2.37
Credit control & debt collection system - 36 months	Geo Debt Solution	R112 860.00
Printing & postage of rates statement & credit control correspondence - 36 months	Lithotech Africa Mail	Various prices
Insurance services	Indwe Risk Services	R1 183 433.64
Armed banking services - 36 months	Fidelity Security Management	R414 339.84
Provision of professional engineering services landfill site - 60 months	Anderson Vogt Consulting	R560 000.00
Specialised deep cleaning services	Steiner Hygiene	R18.93
Beach cleaning		
Beach cleaning Area 2 (Salmon Drive, Inkomba, Pennington, Sezela, Ifafa, Elysium, Bazley, Umtwalume)	Intsikelelo Contracting & Trading	R1 014 885.24
Verge maintenance Monthly		
Verge maintenance (Area1 - Pennington)	Victorson Building CC	R34 950.00
Verge maintenance (Area 2 - Bazley & Sezela)	Sash & Selves Construction	R19 000.00
Verge maintenance (Area 3 - Umtwalume)	Falakhe Trading	R16 600.00
Verge maintenance (Area 4 - Ifafa Beach & Elysium)	Vukuzakhe T/A VCC	R15 000.00
Verge maintenance (Area 5 - Ifafa Glebe)	Falakhe Trading	R10 600.00
Verge maintenance (Area 6 - Shayamoya & Esperanza)	Sash & Selves Construction	R10 100.00
Verge maintenance (Area 7 - Umzinto Heights, Roseville Heights, Hibiscus Road, Ridge Road, Archibalds Road, St. Patricks Road)	Homefront Trading	R27 500.00
Verge maintenance (Area 8 - Asoka Heights, Kadville & Hazelwood)	Falakhe Trading	R18 300.00
Verge maintenance (Area 9 Ghandinagar)	Mnyangweni Trading Cc	R24 850.00

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By 2020, Umdoni will be the JEWEL of the South Coast.

TITLE / DESCRIPTION	SUCCESSFUL TENDER	TOTAL TENDER
Verge maintenance (Area 10 - Park Rynie South)	Alliance Maintenance	R18 468.00
Verge maintenance (Area 11 - Scottburgh & Park Rynie North)	Bahali Trading	R66 800.00
Cutting and removal of overgrown vegetation on overgrown properties	Ndock's Cleaning Services	R0.70
Maintenance & servicing of vehicles, plant & equipment (minor service)	A&T Auto Electrical	Various
Hire of vehicles, plant & equipment	Abanosizo Trading	Various
Supply & delivery of G5 quality gravel	Anix Trading 104 CC	13.62 Per cubic metre
Supply & loading of aggregates	Marlisha Business Trading	R250.00
Supply & delivery of bituminous products	Hamba Kahle Road Products	R28.10
Lifeguard services	Tower 13 Lifeguard Services	R677 549.88
Rehabilitation of Hibiscus block of flats Riverside Park – Umzinto	Sea View Builders	R833 439.18
Construction of Gqolweni Road – Amandawe	Pondo Plant & Civils / Heydricks Civils	R8 095 214.10
Supply & delivery of skid unit fire truck	Marce Fire Fighting Technology	R515 800.00
Upgrade of Park Rynie Park	FS Gonzalves Construction	R8 535 136.11
Umzinto Sportsfield Phase 2	Msimango M & S Construction	R4 308 629.43
Construction of the ablution block - new Scottburgh depot.	Wondatrade 1054 T/A Seaview Builders	R1 022 911.22
Umzinto slum clearance project	Ackin Investments	R11 878 731.60
Supply & delivery of water tanker	Bates GM	R907 160.00
Beach cleaning area1 (Scottburgh, Park Rynie Beach & Campsite, Preston & Rocky Bay)	Prizali Construction	3898.65 (In season)
Operation of Humberdale landfill site	Interwaste (Pty) Ltd	R12 818 346.86
4 X 4 tractor loader backhoe (tlb) x 1	Business Behind Empowerment	R664 620.00
Truck chassis cab with rollback/winch & crane combination	Bates GM	R1 388 013.00
Supply and delivery of wheelie bins	Otto Waste System	R399.00
Consulting services for fresh produce market	Busa Corporate Administrators	R548 877.00

Corporate Services



Signage

Aims and Objectives

The fifth year of the implementation period has seen a cementing of the importance of the role that signage control plays in the mind of the Umdoni ratepayer and business person.

Umdoni stake-holders are becoming more understanding of the impact that a well officiated set of signage regulations is having on the positive aesthetic outlook of the entire municipal area. Increasingly in these austere economic times the Umdoni business community is utilizing the municipality to assist in planning their advertising and directional signage needs to ensure that best value is gained for their expenditure and continuity is guaranteed by adherence to the regulations in place.

There are always constant challenges that face any aspect of bylaw administration and it is a testament to the relationship between the municipality and local role players that matters are dealt with in a positive manner keeping in mind at all times the purpose of the bylaws which is to maintain and improve the aesthetic outlook of the entire area whilst accounting for and accommodating the needs of participating businesses and local residents.

Administration Policies

At the outset the need was established to implement policies that apply to specific types of signage not necessarily addressed within the Umdoni Signs bylaws. In this vein we have established policies governing placement of banners and the specifications for directional signage, as well as the placement of illuminated street name indicators, mobile signs, street furniture (pole mounted bins, pavement litter bins and advertising seating benches), and permanent poster placeholders.

Communication

The availability of the consultant to the general public has continued to be well publicised and the public has reacted well to the reliable availability of signage expertise. The consultant has attended 194 formal appointments with signage role players throughout this past year.

Revenue

The tariffs attached to the various signage permits required in terms of the signs bylaws are reviewed annually in context of any feedback from the affected public during the last year, as well as the market in general countrywide. Recommendations are made to Council with supporting documentation to assist in the formulation of the budget for the coming financial year.

The revised and approved Schedule of Tariffs, as well as updated application forms are distributed via e-mail to all members of the signage database on 1st July annually.

Umdoni Municipality consists of one main coastal town (Scottburgh) and one main inland town (Umzinto), with extremely limited avenues for the creation of advertising opportunities and the volume of revenue collected reflects this.

The increase in revenue from a situation where there was little control to full professional administration and control is the most prevalent factor contained in the below table of revenue. The rebound in revenue earned in 2011/12 again is indicative of the economic recovery of the advertising industry worldwide.

The general growth can be attributed to the consistent professional control in place, as well as the utilization of the signage display avenues afforded by the formal policies approved by Council.

Physical Monitoring

Signage within the area has been actively monitored resulting in the physical removal of 367 signs placed within Council controlled property. It is worth noting that the signs removed has fallen considerably in the past year and this can be directly attributed to the fact that advertisers both local and far out in the extended areas have been made consistently aware of the procedures that are in place to legally place signage within the Umdoni area.

The sign removals still take place predominantly on weekends and public holidays, thus displaying the commitment of the Council to provide the service outside of normal operating hours.

REPORTING PERIOD	REVENUE COLLECTED	INCREASE / DECREASE	SIGNS REMOVED	PUBLIC APPOINTMENTS
1 July 2010 to 30 June 2011	R 224 210.00	18%	1140	238
1 July 2011 to 30 June 2012	R 301 406.00	34%	367	194
TOTAL REVENUE =	R 301 406.00			

Summary

2011/2012 has again seen the benefit of the continued focus on communication and physical monitoring. 2012/13 will see a continued commitment by the Umdoni Municipality to ensure that the legal vehicles are put in place to allow the implementation of the formal plan which deals with the evaluation of each individual property within the entire area, followed by contact with the owner to ensure that any advertising signage present complies with the Umdoni Signs By-laws.

Legal & Estates

Short-Term Agreements

The following short-term agreements were entered into during the year under review:

AGREEMENTS ENTERED INTO WITH	DESCRIPTION	DURATION
KwaZulu-Natal Department of Co-Operative Governance & Traditional Affairs	Agreement of Grant. Grant of R500 000,00 for the operational support of the Thusong Service Centre	29 July 2011 - 29 July 2013
Denis Marshall Enterprises	Service Level Agreement for the provision of Legal Consultation Services	1 September 2011 - 31 December 2011
Total Client Services Ltd	Traffic Contravention Software Management Agreement (TCS Software) utilized by the Traffic Section	1 July 2011 - 30 June 2012 (renewable for a further 12 months).
Ugu District Municipality, Umdoni, Umzumbe, and Vulamehlo Municipalities	Service Level Agreement : Shared Fire Fighting Service	1 July 2011 – 30 June 2012
Department of Co-operative Governance & Traditional Affairs	Agreement of Grant for a fresh produce market depot (Umzinto) and trading facility feasibility study.	For the 2011/2012 Financial Year
South African Police Services	Memorandum of Understanding for the Provision of “Bobbies” in the Scottburgh & Umzinto areas	December 2011 & January 2012 seasonal period including Easter vacations
Implementation of KZN-Pound Act No 3 of 2006	Business Plan concluded with the Department of Co-operative Governance & Traditional Affairs	2011/2012 Financial Year

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By 2020, Umdoni will be the JEWEL of the South Coast.

AGREEMENTS ENTERED INTO WITH	DESCRIPTION	DURATION
Department of Health – KZN	Service Level Agreement for Public Health Services	1 October 2011 – 31 March 2012
Umdoni Business Chamber	Service Level Agreement in respect of a grant for the 2011/2012 Financial Year	1 July 2011 – 30 June 2012
KZN-Sharks Board	Service Level Agreement to provide Safeguards for bathers against Shark Attacks (Meshing Fee)	1 July 2011 – 30 June 2012
South African Institute for Learning	Agreement for MFMA Training	Duration shall be for a period of 1 year from date of commencement of training
Department of Arts & Culture	Memorandum of Agreement for the provision of funding from Provincial Treasury to assist the municipality with the provision of library services in its area.	1 July 2011 – 30 June 2012
IC Solutions / Ms D J Rankin	Service Level Agreement for assistance to Council wrt:- IDP, SDBIP & OPMS	1 May 2012 until the completion of the deliverables.
KZN-Sharks Board	Service Level Agreement to provide Safeguards for bathers against Shark Attacks (Meshing Fee)	1 July 2012 – 30 June 2013
Umzinto Slums Clearance Project	Social Compact Agreement between Umdoni Municipality and the Umzinto Slums Clearance Project Steering Committee	Not specified.
GeoDebt Solutions CC	Debt Collection Software System	1 July 2011 – 30 June 2012
Vodacom	3G Cards for the Beach Manager & Town Planning Technician	4 April 2012 – 4 April 2014
Department of Co-operative Governance & Traditional Affairs	Implementation of the KZN Pound Act No 3 of 2006	1 September 2011 – 28 September 2012
KZN – Department of Health	Public Health Services - Clinic	1 October 2011 – 31 March 2012

Long-Term Agreements

The following long-term agreements were entered into during the year under review (30 June 2011 to 1 July 2012) as listed hereunder:-

AGREEMENTS ENTERED INTO WITH	DESCRIPTION	DURATION
Altech Netstar (Pty) Ltd	Vehicle Tracking & Recovery Subscriber Agreement for “Quantum”	With effect from 20 September 2011, for an on-going & unstipulated period.
Toyota Financial Services	Toyota Quantum 2.5D-4D – 14 seat	4 August 2011 – 1 March 2015
Synapsis SmartSoftware	Cemetery Management Software	2 September 2011 – 1 September 2014
Technologies Acceptances / Fintech	Rental Agreement for Xerox WCP 7120 Photocopier for Municipal Manager’s Personal Assistant	15 September 2011 – 14 September 2014, thereafter on-going until terminated.
Capital Office Automation	Maintenance Agreement for Xerox WCP 7120 Photocopier for Municipal Manager’s Personal Assistant	15 September 2011 – 14 September 2014, thereafter on-going until terminated.
Eskom	Upgrade of electricity supply to Scottburgh Municipal offices	19 August 2011 – on-going until terminated.
Pennington Ski Boat Club Mtwalume Ski Boat Club Park Rynie Ski Boat Club Bazley Ski Boat Club	Management Agreement	1 July 2011 to 30 June 2016
Technologies Acceptances & Capital Office Automation	Rental & Maintenance Agreement for photocopiers for the Finance (Personal Assistant) and Community Services Departments (Scottburgh, Umzinto & Pennington Libraries)	Minimum period of 36 months and thereafter for an on-going period until terminated.
Eskom Supply Miniflex Installation	Electricity Supply to offices leased by Department of Social Welfare – Sub 8 / 9 Lot 328 Umzinto	Ongoing until terminated.
Provincial Department of Human Settlements – KZN SLB Consulting	Umzinto Slums Clearance Tripartite Agreement for the construction of 1925 infrastructural services & funding	1 October 2012 to 30 September 2016
Mr N Warren – Erf 598 Mtwalume REF. Mtwalume – No 32	Services Agreement	7 March 2012 to continue as required.
Park Rynie Surf Lifesaving Club Ref. PR3 – No 26	Provision of Lifeguarding & First Aid Services for bathers at Park Rynie Beach	Commenced 27 June 2007 – Agreement finalised in April 2012

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By 2020, Umdoni will be the JEWEL of the South Coast.

Leases

The following leases were entered into during the year under review:-

AGREEMENTS ENTERED INTO WITH	DESCRIPTION	DURATION
The Beach Company	Lease of "The Beach Comber" – Scottburgh Beach Pavilion	1 September 2011 – 30 April 2012 1 May 2012 – 31 October 2012
Pleasure Foods (Pty) Ltd	Lease of "Wimpy & Phat Boyz" – Scottburgh Beach Pavilion	1 September 2011 – 30 April 2012 1 May 2012 – 31 October 2012
Mrs J N McConnell	Lease of the "All Sorts Shop" – Scottburgh Beach Pavilion	1 September 2011 – 30 April 2012 1 May 2012 – 31 October 2012
Mrs J N McConnell	Lease of "Fun Hire" – Scottburgh Beach Pavilion	1 September 2011 – 30 April 2012 1 May 2012 – 31 October 2012
Mr BJ Joubert	Lease of "The Waterslide" – Scottburgh Beach Pavilion	1 September 2011 – 30 April 2012 1 May 2012 – 31 October 2012
Mr BJ Joubert	Lease of "Miniature Golf" – Scottburgh Beach Pavilion	1 September 2011 – 30 April 2012 1 May 2012 – 31 October 2012
Park Rynie Surf Lifesaving Club	Lease of premises on Lot 568 Park Rynie	1st April 2012 – 31st March 2017
Scottburgh Surf Lifesaving Club	Leases of premises - Scottburgh Beach Pavilion	1st April 2012 – 31st March 2017
Shayamoya Crèche Committee represented by Mrs M A Ratube	Lease of Erf 166 Shayamoya for the purpose of operating a Crèche	1 May 2012 – 31 December 2013

Policies

New policies were adopted and existing policies were amended as follows during the year under review:-

	NEW POLICIES	DATE OF COUNCIL RESOLUTION
1.	Information Communication Technology Policy	27 July 2011
2.	Restricted Suppliers Database	27 July 2011
3.	Municipal Tariff Policy	27 July 2011
4.	Construction of driveway scoops in residential, industrial and commercial zones	27 July 2011

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Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

	AMENDED POLICIES	DATE OF COUNCIL RESOLUTION
1	Amendment to Petty Cash Policy	29 August 2011
2	Amendment to Supply Chain Management Policy	30 November 2011
3	Amendment to Asset Policy	30 November 2011
4	Amendment to the Policy for Overtime & Procedure	14 December 2011
5	Rates Bylaw Policy	30 May 2012
6	Firearm Policy	30 May 2012

Business Licenses

Business licenses are issued when new businesses open or for changes in ownership. The approvals from various sections namely Town Planning, Building Inspectorate, Health and Fire Sections is a pre-requisite. Licenses will only be issued when the businesses are fully compliant with all Regulations.

The following business licenses were issued during the year under review:

BUSINESS	DATE OF ISSUE
Att. Home Accommodation, 36 Marine Drive, Park Rynie	25 July 2011
Elshaddai Take-Away, Old Mill Road, Sezela	19 September 2011
Sezela Country Club, 1 Club Road, Sezela	19 September 2011
Oriental Lounge, Umzinto	20 September 2011
Vulamanzi Resort, 3 Abrams Drive, Kelso	26 September 2011
Tharkaree Palace, 392 Old Main Road, Park Rynie	26 October 2011
Govender's Mini Market, Park Rynie	26 October 2011
Mozam Prawn Shack, Scottburgh	12 January 2012
Lynton Hall (Pty) Ltd, Pennington	24 January 2012
Pick 'n Pay, Scottburgh	30 January 2012
Woolworths (Pty) Ltd, Scottburgh	1 February 2012
Scottburgh Butchery, Scottburgh	15 February 2012
Naidoo's Sea Foods, Park Rynie	24 February 2012
Bikers' Inn, Mtwalume	2 March 2012
AJ's Restaurant & Liquor Store, Ifafa Beach	2 March 2012
Twice as Nice Coffee Shop & Restaurant, Scottburgh	5 March 2012
Mpithi Beach Kiosk, Pennington	29 June 2012
Paddy's Meat Market, Scottburgh	29 June 2012
Twice As Nice Coffee Shop & Restaurant, Scottburgh	20 August 2012

Registers

The following registers were maintained by the Legal and Estates Section:

- Leases
- Tenders
- Agreements
- Business Licenses
- Delegations of Authority
- Index of all Leases and Agreements
- Leases and Agreements Requiring Renewal
- Legal matters & Judgements dealt with by Attorneys
- Declarations and Disclosure of Interests: Register for Councillors and Officials

Sale of Municipal Properties

In view of the slow property market, Council resolved to put the sale of municipal property on hold at the present time.

Registry

The Registry Section is responsible for the compilation of Records Classification Systems, Physical Custody, Care and Protection of Records Management Procedures. The municipality was subjected to a visit by Pietermaritzburg Archives Repository to conduct a comprehensive records management inspection. The purpose of the inspection was to establish an overall picture of records management practices of the office as mandated by Section 13 (2) (c) of the National Archives and Records Services of South Africa (Act 43 of 1996) as amended with the aim of identifying problems and to give advice, recommendations and solutions to such shortcomings.

The municipality started addressing those challenges and we managed to refurbish an offsite centre in Pennington which is now operational, in order to comply with the dimensions in terms of legislation.

Fleet

A total of 9 vehicles of various types (LDV's, sedans, fire tender) were purchased during the year 2011/12. During the same year, 7 vehicles were identified as unfit to perform duties and these were advertised for public auctions, which took place in June.

A total of 8 accidents occurred during the year 2011/12 and were all claimed for insurance.

Branding has been undertaken on all existing council vehicles. Road users can then report poor driving or abuse of vehicles to Council.

Information Technology (IT)

The IT unit has to overcome these challenges to give a seamless service to the internet users and the public.

The following was achieved in the year under review:-

1. Web Marshal/ Mail Marshal has been updated
2. Symantec Antivirus have been updated
3. Georeality, Debt collection software updated to GeoDebt
4. SAMRAS accounting system – new server has been installed, new software implemented
5. Syntametic LiveState License updated
6. End User Training for Councillors on use of laptops
7. Intern was placed in the IT Unit to gain experience
8. Syntamatic anti-virus monitored on a daily basis
9. Windows file server 2003, VIP and GeoDebt system are monitored on a daily basis
10. SAMRAS server, window server and firewall dish usage are monitored on a daily basis
11. Backlogs are done on a daily basis
12. Synapsis burial system updated
13. Web and e-mail usage is monitored on a daily basis
14. E-mail abuse control patterns are monitored periodically

Communications

A total number of 32 Press Articles were published during this financial year. Issuing of the press articles is one of the means of communicating with our communities and keeping them abreast of what is happening in Council.

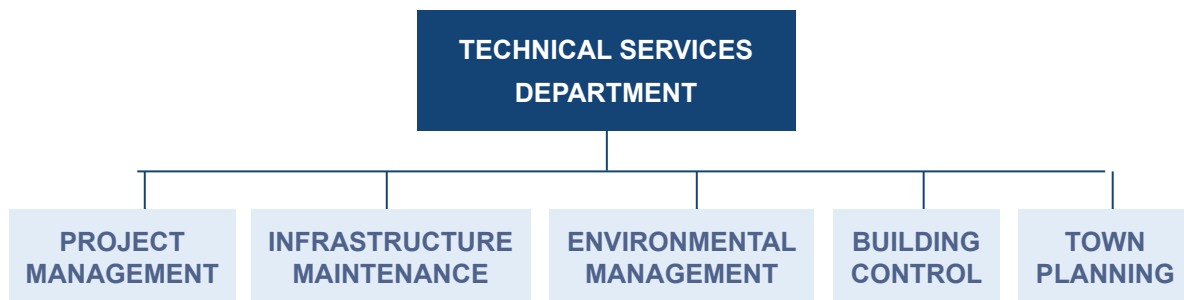
The communications unit during Mayoral events also acts as an overseer, ensuring that all the relevant stakeholders are invited to the event and play a visible role. The section also ensures that the Mayor is briefed accordingly and all protocol plan are in place.

Mayoral events showcase the Municipality in different aspects; therefore the communications section must promote and support Mayoral events and ensure success herein. This includes, but not limited to: publicising, displaying of Council branding, record keeping and ensuring that events are accessible to all the citizens within the jurisdiction of the municipality.

Human Resources

As a section falling under the ambit of Corporate Services, we acknowledge that for HR to be able to perform at it's peak. The main focus of the Human Resources section is to ensure that matter relevant to personnel management are properly monitored and maintained. For further and detailed information salient to personnel, please refer to Chapter 4 of this Annual Report.

Technical Services Department



Infrastructure Maintenance

The Infrastructure Maintenance Section comprises of the following:

- **Roads & Storm-water Drainage**
This section is responsible for maintaining the existing infrastructure in terms of roads and storm-water.
- **Building Maintenance**
This section is responsible for the maintenance of all municipal owned buildings including Council housing stock.
- **Municipal Workshop**
This section provides support services for the maintenance of the municipal fleet of vehicles, plant and equipment.
- **Repairs and maintenance of street lights:**
This function is outsourced to Eskom accredited contractors and managed by the Infrastructure Maintenance Section.

Achievements and Challenges: Infrastructure Maintenance Section

Achievements of this section during the 2011/2012 period include:

- Improved procedures have been implemented for the logging of complaints and reference numbers issued for tracking progress, turnaround time and completion.
- Improved planning processes to minimize delays in service delivery.
- Compilation of records of the existing municipal infrastructure in terms of road network and storm-water drainage reticulation.
- Addressing the backlog of street light repairs and maintenance.
- Accurate daily and monthly records of maintenance work undertaken in the various sections.

Challenges faced during the 2011/12 period include:

For the year under review our scope was determined to address maintenance for approximately 530km of gravel roads and 250km of surfaced roads and this vast network of roads needs to be maintained with limited resources. A large portion of existing surfaced roads have exceeded their design life and sporadic maintenance thereof is becoming un-viable. Reconstruction of these roads need to be addressed, however, funding thereof has to be sourced.

A large portion of rural gravel roads also required upgrading due to their locality with respect to the steep topography of the land and funding thereof needs to be sourced. To improve the condition of our existing road network and source additional funding for upgrades including upgrading of existing storm-water drainage networks and installation of new storm-water drainage reticulation.

No records of services below ground presented challenges whilst constructing roads and storm-water infrastructure.

Work Plan

This section has implemented Governments' Plan of Action which is to construct, improve and upgrade services and infrastructure in the rural sectors without neglecting the infrastructure and services in the urban built environment in order to deliver efficient, effective and economically sustainable services to communities throughout the Umdoni municipal area.

Roads & Stormwater Drainage

The core functions of this unit entailed the following:

- To undertake routine and reactive maintenance of all roads, both surfaced and gravel, in all areas within the municipal boundaries.
- To undertake routine and reactive maintenance of the municipal storm-water drainage infrastructure, including pipes, inlet chambers, manholes and watercourses (e.g. streams, open channels etc.).
- Repairs to potholes and tarred roads using cold mix asphalt.
- Installation of guardrails which is generally carried out on verges of roads with steep adjacent embankments, at locations to protect structures and at locations to restrict access. Armco barriers and creosoted poles make up the guardrails.
- Construction of gabion structures for retaining purposes in areas where there is a potential for embankments collapsing and also to protect services running alongside watercourses.
- To undertake periodic re-gravelling of roads. This will be based on a maintenance plan which still has to be populated.
- Management of capital projects funded internally by the municipality.

- Construction of minor new works such as gravel access roads, upgrading existing storm-water drainage infrastructure, re-building drainage structures to improve functionality and laying of new storm-water drainage pipes.
- Assisting communities with road access for funerals, predominantly in the rural areas.
- Response to emergencies for damages and accessibility during storms and heavy rains.
- Assisting other service departments such as housing and community services with minor works, for example provision of access, drainage improvements etc.

Building and Maintenance

The Building Maintenance Unit is responsible for routine and reactive maintenance of all council owned property which include office buildings, depots, clinic buildings, halls, community centres, libraries, public toilets, public ablution facilities, beach facilities, rented housing stock, taxi facilities, sports facilities and municipal owned buildings rented to business and public service departments and to assist with the street light maintenance contracts outsourced to Eskom accredited contractors.

The following services are provided:

- Minor alteration works
- Painting and minor renovations
- Replacement of doors, windows, locks and light bulbs
- Unblocking of sewer and drainage pipes
- Repairs to burst and leaking water mains
- Cleaning of gutters
- Carpentry work
- Plumbing
- Specialist work such as electrical and air-conditioning is outsourced to approved service providers listed on the council's database using the relevant SCM processes.

Workshop

The Municipal fleet consists of 137 vehicles, comprising heavy duty vehicles, mobile construction plant and light duty vehicles. The workshop attended to breakdowns and minor services for the entire fleet.

All major repairs and servicing of vehicles were conducted by agents and or local service providers. Where possible major repairs were undertaken internally to promote transfer of skills and to reduce costs. All derelict vehicles were auctioned and aged vehicles were repaired. Minor repairs are carried out as required and all vehicles were prepared for Road Worthy Certification (RWC).

Environmental Affairs



Greenest Municipality competition – Leadership & Planning Award received by Environmental Manager: Mr Siraj Paruk

The primary role of the Environmental Management section is to ensure that all development and land development applications and associated activities are in accordance with environmental legislation and environmental management best practice principles, and should there be a breach in the law appropriate enforcement and remedial measures are taken. The Environmental Management section continues to strive for the protection of the environment for the present and future generations and to assist in upholding the people's Constitutional right to an environment that is not harmful to their health or well-being.

The Environmental Management section showed continuous progress during the 2011/2012 financial year with increased emphasis being placed on combating environmental crimes, particularly pollution related contraventions and illegal tree felling. The section is intensively involved with municipal waste management including the management of the landfill site.

The following activities were undertaken during the 2011/2012 financial year.

- 186 building applications were reviewed and specific environmental requirements were required for 143 applications.
- 8 Basic Assessment/EIA applications were reviewed and commented on.

- 168 notices were issued to owners of properties with overgrown vegetation. All properties were subsequently cleared however 30 properties were cleared by the Municipality following the owner's non-adherence to the directive.
- 27 notices were issued for non-compliance with environmental and waste management regulations and bylaws.
- Facilitated the removal of approximately 10000 alien plants and trees.
- The section successfully enforced the rehabilitation of 11 sites that were illegally cleared of indigenous vegetation.
- The Environmental Section enforced the rehabilitation of 11 sites following pollution related contraventions.
- The Environmental Section in association with the Parks and Gardens section successfully planted 500 indigenous plants and trees at schools and public spaces.
- Environmental education material on waste management, trees and climate change were distributed to 9 schools.
- Rehabilitated 10 hectares of the TC Roberston Nature Reserve.
- Environmental education campaigns were conducted with 9 schools

Strategic Environmental Assessment

The Environmental Management Section is currently operating without an important Environmental tool, namely a Strategic Environmental Assessment. A Strategic Environmental Assessment is an important tool used to guide all planning and development processes, not only for conservation reasons but also for the acknowledgement of the vital role the environment plays in providing free goods and services to the people. A situation exist in the absence of a Strategic Environmental Assessment whereby, the municipality is being transformed and development without a greater plan that earmarks the areas that are suitable for development and the areas that must be protected for the conservation of our natural assets. It is thus imperative that as a matter of priority, such an assessment be undertaken before the remaining natural assets of the Umdoni region are lost forever.

Following several applications for funding for the development of a Strategic Environmental Assessment, the Umdoni Municipality received R725 000.00 in funding from the Ugu District Municipality for the project. Thereafter, the Environmental Management section compiled a comprehensive Terms of Reference for the project, which was deemed to be excellent by many professionals. The project is geared towards identifying areas of conservation significance, areas suitable for various land use activities, including agricultural, industrial, commercial, residential and tourism based activities. A crucial part of the project involves the creation of a beneficial GIS tool used for strategic planning and the management of the natural resources. The SEA will form the baseline on which future versions of land use management schemes and Spatial Development Frameworks are developed.

Parks and Gardens



Maintenance of Parks (Lotus Park, Park Rynie)

The maintenance of verges has been outsourced. The contractor was responsible for the upkeep of all verges, beach area, public open spaces, removal of alien vegetation eradication and public open spaces, pruning of tree overhanging roads, removal of dead/decaying trees, tree trimming, tree planting cleaning of drains, riverbeds. Council owned buildings have also been included in the verge maintenance contract.

The municipality assisted in the maintenance of sports grounds and eradication alien vegetation at TC Robertson and Nkomba Bird Sanctuary. Clearing of rivers and streams in the Kelso area, maintenance council gardens and planting of indigenous plants and trees were conducted internally.

Waste Management

Refuse Collection

We have rendered a waste collection service to a total number of 8 645 properties comprising 7971 domestic and 674 commercial and industrial properties. 94% of households (residential) in the Umdoni Municipal area receive refuse removal service.

The municipality also extends refuse collection in the rural areas. A total number of 22 skips were placed in the Rural Areas which were serviced weekly or daily

This Department is also responsible for:

- Clearing of illegal Dumpsites on public spaces
- Erection of No Dumping Signboards
- Placement of metal drums at Taxi Ranks, Schools, Beaches and various public areas
- Cleansing of ablutions
- Distribution of Wheelie Bins
- Delivery of Recycling bags



Refuse skip placed at Amandawe busstop

Streetsweeping and Cleansing

SERVICE DELIVERED	FREQUENCY / COMMENTS
Street sweeping – CBD Area	A late shift session was implemented and Central Business Districts are cleaned on a daily basis. The early shifts operated from 07h00 to 16h00 and the late shift commences at 13h00 to 22h00
Street sweeping Residential Area	Pennington, Park Rynie and Ifafa Glebe are swept five days per week
Street sweeping – Rural Area	On a weekly basis
Cleansing of ablutions – CBD Area	Ablutions are cleaned seven days per week in the CBD area
Cleansing of ablutions in the informal settlements	Twice a week

Introduction of Street Cleaning Co-operatives

In 2011 the Municipality introduced co-operatives to clean the Umzinto CBD and the Scottburgh CBD, thus promoting Local economic Development (SMME's). The co-operatives work on weekends and on Public Holidays.

Issuing of Refuse Bags

Refuse bags were purchased and issued to all indigent areas. The bags were also supplied to the street cleaning teams.

Recycling

The Municipality has taken a positive step towards recycling to reduce the amount of recyclables goods entering the domestic waste collection stream and disposed-off at the landfill site. The municipality has collected paper which was placed in special bins for collection. Waste paper from igloos placed at strategic points, recycling of florescent tubes, penlight batteries and used motor vehicle oil were collected. The municipality provided the Pennington Conservancy with different colour printed bags indicating the type of recyclable that must be put into the bags. The recyclables collected from the Pennington Area include paper, plastic, glass and metals including tin cans.



Recycling centre in Pennington

Landfill Site

The operation of the Humberdale Landfill site was contracted to Interwaste Environmental Solutions in April 2012 for 36 months. The contract included a Nursery on site and recycling bays for residents to dispose of all their recyclables. The remaining airspace at the site was approximately 43% as at 30 June 2012. The site rehabilitates only domestic waste, garden refuse, rubble and soil. It does not facilitate hazardous and medical waste.

Building Control

This section strives to ensure that the public has a clear understanding with regards to all processes and procedures that need to be complied with in the Building Control Department. The legislation is stringent but needs to be enforced in the process for approving building plan applications and buildings. As per National Building Regulations, Building Plan Applications for developments below 500m² are to be assessed within 30 days whilst developments exceeding 500m² are to be assessed with 60 days.

Building Application which have been Approved with cognisance being taken of the following legislation:

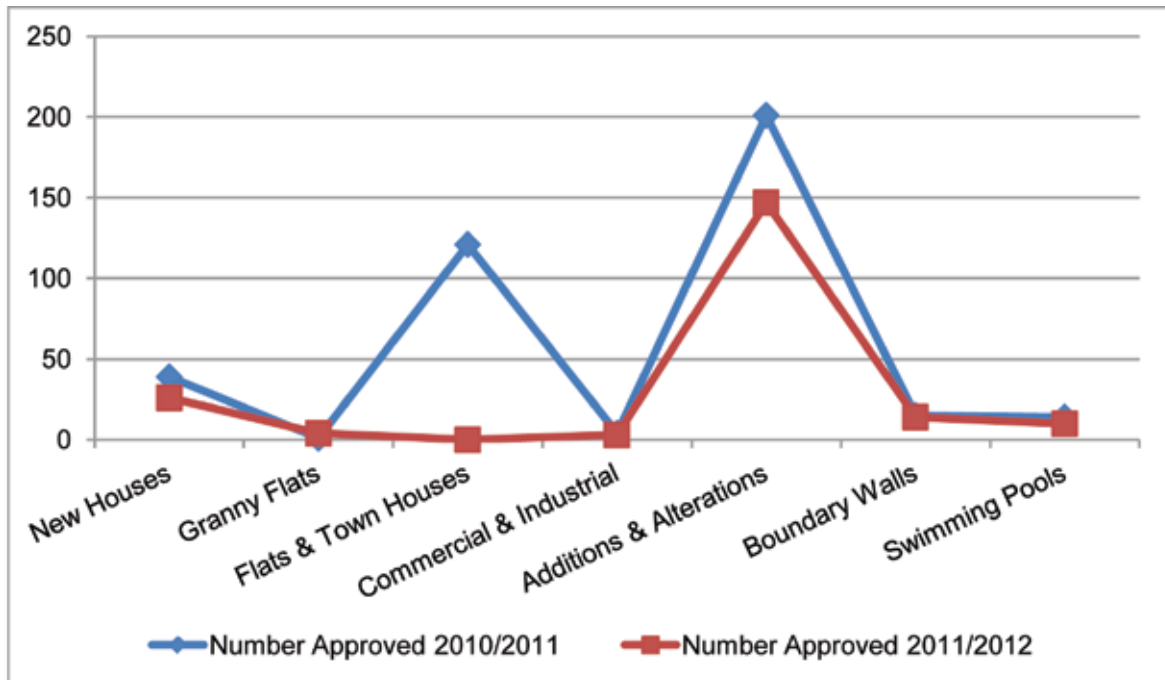
1. The National Building Regulations and Building Standards Act (No. 103 of 1977) as amended
2. The Umdoni Town Planning Scheme in the Course of Preparation
3. National Environmental Management Act
4. Municipal By-Laws and Policies
5. Competent persons registered with Statutory Bodies

Building Applications

- The submission of Building Applications for the period July 2011 – June 2012 has averaged 24 plans per month.
- A total of 252 applications were submitted for approval from July 2011 to June 2012.
- A total of 205 applications were approved in the 2011/12 financial year, however, these plans included older submissions.

Description	Number Approved 2011/12	Rand Value 2011/12	Number Approved 2010/11	Rand Value 2010/11
New Houses	26	R31 344 845	39	R53 672 180
Granny Flats	4	R3 693 940	1	R240 000
Flats and Town Houses	-	-	121	R71 171 000
Commercial and Industrial	3	R12 000 000	4	R17 084 000
Additions and Alterations	147	R32 269 363	201	R31 643 652
Boundary Walls	14	R652 750	15	R1 717 500
Swimming Pools	10	500 000	14	R690 000
TOTAL	204	R80 406 898	395	R176 218 332

Trend Chart



Building Works Completed from July 2011 to June 2012

DESCRIPTION	NUMBER OF COMPLETED	RAND VALUE
New Houses, Flats and Town Houses	37	R73,173,712,75
Commercial and Industrial	-	-
Additions and Alterations	53	R19,146,341,36
TOTAL	90	R92,320,054,11

Notices Issued for Bulding Contraventions

Building Control has issued a total of 412 notices throughout Umdoni Municipality for:

- Illegal building works
- Deviation from approved building applications
- Illegal usage
- Encroachments
- Dilapidated buildings / Structures

Encroachment onto Council owned property

Adherence to Building Control in terms of Section 214 of the Local Authorities Ordinance 25 of 1974 and Section 10.1 of the National Building Regulations and Building Standards Act (No. 103 of 1977) as amended, processes applications for encroachments from street projections, street overhangs and furniture, etc was enforced and monitored.

Public Awareness

The Department has designed an information brochure to assist the public with all procedural and important information pertaining to the processes of the Building Control, Town Planning and Environmental Sections with regards to the submission of a plan. This has assisted in ensuring municipal procedures and information were more accessible to the public.

Town Planning

The Town Planning Section ensures that the municipal Land Use Management Scheme (LUMS) is applied uniformly throughout, to correctly implement the Planning and Development Act 6 of 2008 within the necessary time frames and to promote harmonious development by balancing the demands of the residential, commercial and industrial development whilst maintaining environmental integrity.

The Town Planning Section has promoted integrated and balanced growth with the preparation and amendment of Umdoni Urban Land Use Management Scheme by:-

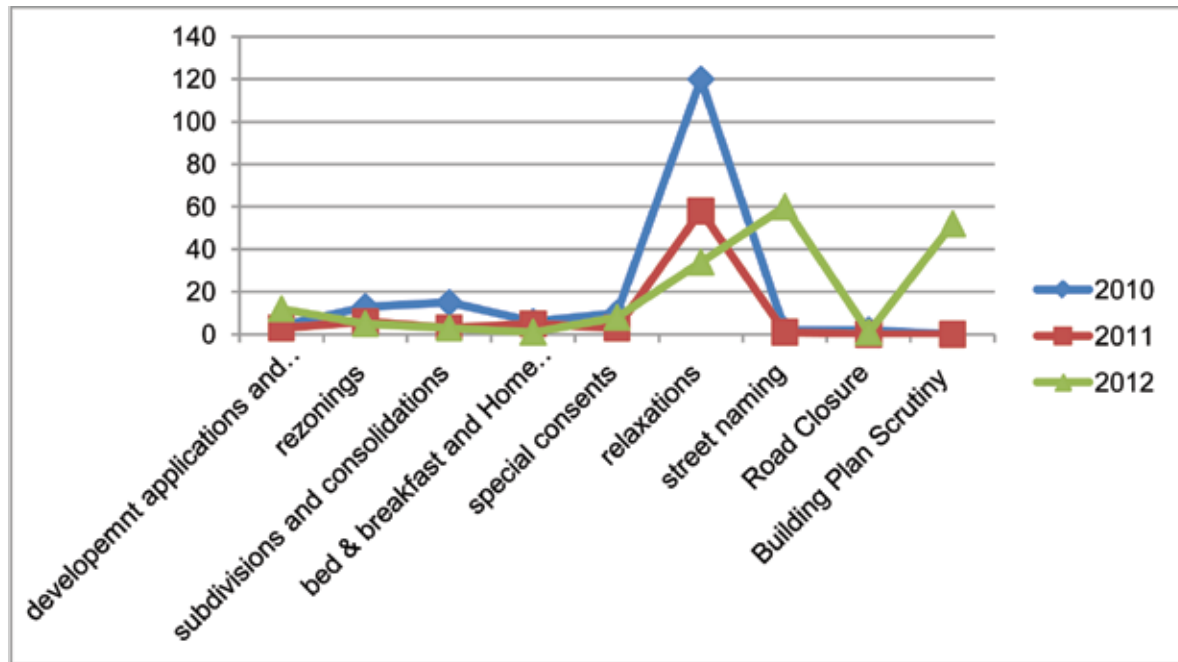
- Timeously responding and processing planning applications
- Processing planning applications within the ambit of the relevant legislations.
- Conceptualizing frameworks and creating planning solutions that assist the municipality when dealing with developers, stakeholders and other professionals
- Ensuring various land uses are identified and earmarked for the requirements of the community by law of optimum utilization.

Types of Applications Assessed by the Town Planning Section were:

- | | |
|----------------------------|-------------------------------------|
| • Scheme Amendments | • Rezoning |
| • Subdivisions | • Home Business |
| • Bed and Breakfast | • Home Business |
| • Relaxations | • Special Consents |
| • Development Applications | • Sectional Tittles |
| • Consolidations | • Removal of Restrictive conditions |
| • Road Closure | |

In addition to the processing and monitoring of developments within the municipality, the Town Planning section was also responsible for Road Naming and Street Numbering within the municipality jurisdiction.

Achievements and Performance Highlights:



Commercialism in the 2011/2012 year has been significant in terms of the number of development proposals that have been submitted. Some of the developments to look forward to include:-

- The upgrading to the Scottburgh Train Station by Intersite which will include a commercial and residential component. Other developments include Roqule Estate, situated in the Park Rynie Kelso precinct which consists of a Mixed Use as well as Residential usages.
- The Crooks Development situated between Scottburgh and Umkomaas.

The development extent is approximately 250ha and consists of Schools, commercial stands, residential estates incorporating eco estates. There currently is growing interest in the Umdoni region relating to Residential estate type developments and thus we expect many more such development in the near future.

Community Services Department



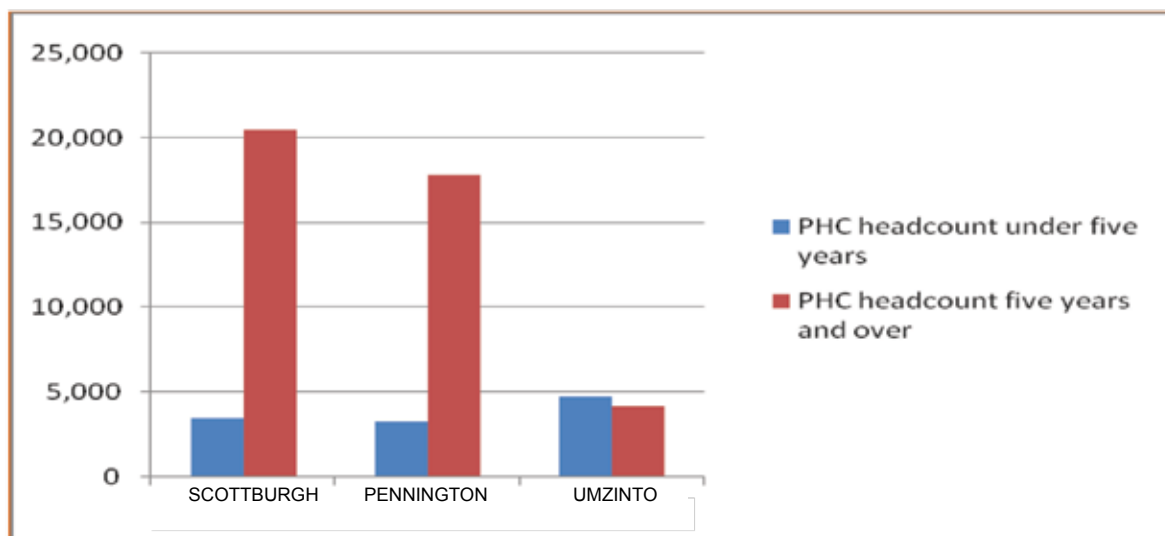
Clinics

Routine Summary of Clinics Statistics

JUNE 2011 – JUNE 2012			
	SCOTTBURGH	PENNINGTON	UMZINTO
PHC Headcount under five years	3 455	3 301	4 715
PHC headcount five years and over	20 458	17 853	4 197

*PHC – Primary Health Care

JUNE 2010– JUNE 2011			
	SCOTTBURGH	PENNINGTON	UMZINTO
PHC Headcount under five years	3 060	3 608	4 982
PHC headcount five years and over	18 027	15 176	4 164



There were three nurses at the Scottburgh Clinic, three nurses at the Pennington Clinic and two nurses at the Umzinto Clinic. The Scottburgh and Pennington Clinics had HIV Counsellors who were available during operating hours.

Transfer of Municipal Clinics to the Department of Health

The transfer of Clinics arose when a number of municipalities in KZN indicated to KWANALOGA that they preferred to have the service of Clinics rendered by Province as opposed to rendering the service.

It was agreed at a meeting that the previous structures established between KWANALOGA and Province during 2007 to deal with the transfers be revived to ensure that the process be finalized as soon as possible.

Various meetings were held between KWANALOGA and the Municipalities to discuss the transfer agreement and the transfer process. It was agreed that once these processes are finalized, the Clinics would be transferred. The anticipated date of transfer is 01 July 2012.

Libraries

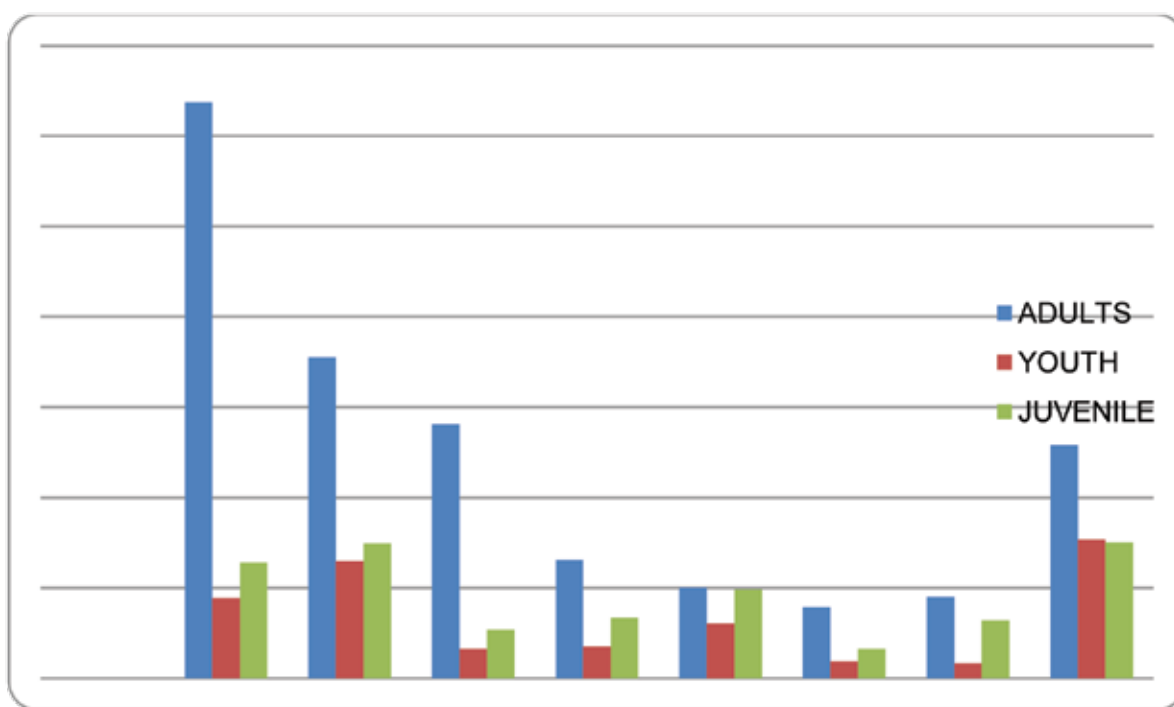
Umdoni Library Statistics

LIBRARIES	MEMBERSHIP		PRINTS / BOOKS		NON-PRINTS (CD's, DVD's & VIDEO's)	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
Scottburgh	Adults: 3 872 Youth: 494 Juveniles: 676 TOTAL 5042	Adults: 3187 Youth: 443 Juveniles: 640 TOTAL 4 270	63 737	70 821	2 002	3 063
Umzinto	Adults: 2 032 Youth: 676 Juveniles: 823 TOTAL 3 531	Adults: 1 776 Youth: 649 Juveniles: 746 TOTAL 3 171	26 131	41 115	4 395	2 833
Pennington	Adults: 1 499 Youth: 200 Juveniles: 286 TOTAL 1 985	Adults: 1 406 Youth: 163 Juveniles: 269 TOTAL 1 838	27 911	34 278	1 506	2 456
Park Rynie	Adults: 678 Youth: 176 Juveniles: 357 TOTAL 1 211	Adults: 654 Youth: 176 Juveniles: 334 TOTAL 1 174	10 431	12 792	808	913

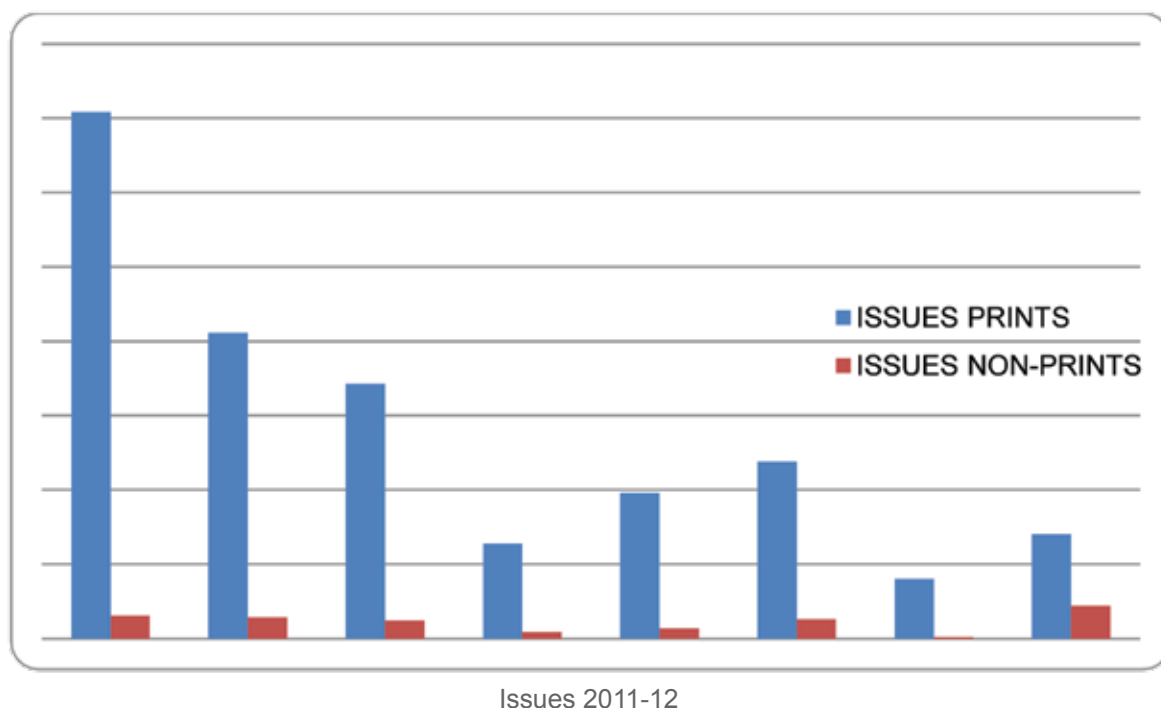
ANNUAL REPORT 2011–2012

By 2020, Umdoni will be the JEWEL of the South Coast.

LIBRARIES	MEMBERSHIP		PRINTS / BOOKS		NON-PRINTS (CD's, DVD's & VIDEO's)	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
Shayamoya	Adults: 505 Youth: 296 Juveniles: 488 TOTAL 1 289	Adults: 502 Youth: 303 Juveniles: 493 TOTAL 1 298	19 188	19 641	1 528	1 384
Sezela	Adults: 432 Youth: 99 Juveniles: 181 TOTAL 712	Adults: 395 Youth: 94 Juveniles: 162 TOTAL 651	21 776	23 811	3 227	2 612
Ifafa Beach	Adults: 459 Youth: 65 Juveniles: 307 TOTAL 831	Adults: 450 Youth: 83 Juveniles: 320 TOTAL 851	8 301	8 032	235	206
Malangeni	Adults: 1511 Youth: 2058 Juvenile: 1440 TOTAL 5009	Adults: 1 289 Youth: 767 Juvenile: 751 TOTAL: 2 807	11 782	13 996	4 492	4 444



Membership 2011-12



Scottburgh Library

Scottburgh Library was involved in a number of Outreach Programmes from July 2011 to June 2012. During National Book Week in September 2011, the Librarian: Mrs Frances Hall was invited to Umzintovale School to give a talk on the importance of reading and libraries. She was also invited to St Frances School's Readathon assembly to speak on the importance of Libraries. Children were encouraged to join libraries in their area, not only for recreational reading, but also to assist them in their studies.

In September 2011, SAPPI once again showed their support for larger libraries in the area. Librarians were invited to Exclusive Books for breakfast and talks by authors, followed by the selection of books according to a predetermined amount. Scottburgh Library chose 37 books to the value of R7000.00.

In February 2012, teachers from Hlunzingqondi High School in Amahlongwa brought 35 matric pupils to the Library to do projects on Tourism and Life Orientation. Extensive use was made of the internet and reference books. The Library was grateful to the Tourism Office for supplying information.

Children from Masakhane Learning Group in Amandawe were brought to the Library by their mentors on 2 separate Saturdays in March and April 2012. Many of the children had never used the computers before, and this proved to be a huge draw card. The children were also encouraged to join the Library.

During Library Week 17th – 24th March 2012, we assisted with activities for children, using materials supplied by the KZN Provincial Library and Information Services. Materials supplied included butterfly

masks, pictures of letters of alphabet, aprons and crayons. The activities included the reading of stories which complemented the themes.

Umzinto Library

During the December 2011 and January 2012 school holidays, children were taught to design origami frames out of boards supplied by the Municipality. The Library held many movies sessions with the children of Riverside Park and surrounding Informal Settlements. The Cyber cadet held various sessions with the children teaching them on how to utilize the computer.

The following activities were completed during the Easter 2012 school holidays;

- Easter baskets were cut out and coloured in different colours
- Boiled eggs were coloured and put into the baskets
- Butterfly masks were coloured and cut out.
- Mobiles were made from cardboard and attached to hangers
- Snow globes were made out of bottles, a small toy, water and glitter
- Many different maths puzzles were done.

The Internet Section has been attracting a lot of youth and children to the library. Games were set up for them during the school holidays.

Malangeni Library

On 16 November 2011, staff of the Library and Community Members undertook to water the trees that were planted by the Department of Environmental Affairs and Rural Development in order to stop pollution. In January 2012, Umdoni Libraries attended the Annual Library Archives, Museums and Language Services Conference held at Durban's ICC.

During Library Week in March 2012, Ifafa Primary School children were invited to the Library to participate in various activities and they were provided with a goodie bag containing book marks and library bags. The Cyber cadet every week conducts group discussions regarding computers with his class, where he also allows them to ask questions if they encounter any difficulties whilst using the computers. He utilizes a digital projector, so that they can actually see the step by step functions.

The children of Malangeni Library enjoy the Toy Section. The session to utilize the toys is on Monday and Friday afternoons and staff supervises these sessions. The membership of the Library has increased tremendously during the year.

Sezela Library

Sezela Library caters for a diverse community. Members of the community frequent the library daily which comprises of mainly scholars. Staff takes this opportunity to involve the children in many activities which includes word fun, brainteasers, scrabble, puzzles, colouring, drawing and painting.

Selected days are chosen for story-telling and educational movies are shown.

The Library has tried to make sure that users have access to the required information. The Library staff promotes the Library by having competitions and occasionally hosts flea markets. This has proved to bring many people to the Library. The Membership is steadily growing. Two displays dealing with current issues are completed monthly.

Pennington, Shayamoya, Park Rynie and Ifafa Libraries

As part of Outreach Programmes, the above Libraries hosted various sessions with children with colouring, story-telling and movie watching days.

During the course of the year the above libraries completed regular monthly displays and host holiday classes with children who had learning problems.

Beach Section

The Greatest Asset within the Umdoni Municipality is its long sandy and rocky Beaches. We have approximately 40 km of Coastline under our jurisdiction. Some are safe bathing beaches and many non-bathing beaches.

Staff

Nineteen permanent staff were tasked to ensure that our beaches are clean and a place to be enjoyed by all our communities and visitors.

The staff breakdown was as follows:

Beach Manager, 1 x Senior Lifeguard, 4 x Lifeguards, 1 x Team Leader, 1 x Security and 11 General Workers. Our General Staff work only on Weekdays. Although understaffed we strive to present a facility that will be enjoyed by all.

Area 1 (Scottburgh to Rocky Bay) A yearly Tender is awarded to clean over the Weekends, Public Holidays and to assist our staff with the Cleaning over the Seasonal Periods. During the Seasonal holiday periods the Contractors bring on additional staff to cater for the large crowds that use our beaches.

Scottburgh Main Beach was the only beach that offered Lifeguarding services 7 days a week. Pennington and Park Rynie were referred to as Weekend beaches due to Lifeguards being stationed there only on Weekends and Public holidays, during the out of season periods only.

Twelve additional Bathing beaches were opened up during the Holiday Seasons, and an additional 30 lifeguards were employed by the Lifeguarding Services to patrol these beaches.

Functions

The following services were provided by the Beach Section;

- Professional Lifeguarding Service which included the Rescue of the Drowning,
- Pro Active Lifeguarding,
- Necessary First Aid and Attend
- Seek and identify lost Children and Property
- Cleaning of all facilities and grounds
- Repairs and maintenance of Buildings, Vehicles and Rescue Equipment.

Facilities

We boast some of the best Facilities on the South Coast and as such our facilities were in big demand. Our beaches and beach grounds were used for the following;

- Weddings
- Competitions
- Night Markets
- Annual Races
- Functions

Use of the facilities for functions was managed via a booking system.

Campsite

Our Campsite at Park Rynie is approximately 1km in length and has the best sea views. The Function of the Campsite is to ensure the safe temporal accommodation for tourists and holiday makers.

The Campsite has been revamped; a new road and High Mast lighting were installed place. This is a cold water campsite. Electricity plug points are not provided.

The Campsite has been marked into individual site measuring 9m x 6m

Booking is essential to secure the use of the Campsite.

Pets and Motor Cycles were not allowed into the Campsite.

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Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

Community Facilities

Umdoni Municipality has 7 Community Halls and 2 Town Halls. The facilities were equipped as follows;

List of Halls	Chairs	Tables	Kitchen Facilities	Stove	Fridge	Ceiling Fan	Aircon	Alarm System
Community Halls								
Amahlongwa Hall	200	10	Yes	–	–	Yes	–	Yes
Amandawe Hall	300	10	Yes	–	–	Yes	–	Yes
Malangeni Hall	200	10	Yes	–	–	Yes	–	–
Shayamoya Hall	200	10	Yes	–	–	Yes	–	Yes
Umzinto Dinning Hall	200	20	Yes		Yes	Yes	Yes	Yes
Ghandinagar Centre	100	10	Yes	–	–	Yes	–	–
KwaCele Community Hall	300	20	Yes	–	–	–	–	–
Umzinto Town Hall	750	100	Yes	Yes	Yes	–	Yes	Yes
Scottburgh Town Hall	300	30	Yes	Yes	–	Yes	–	Yes

KwaCele Community Hall

The construction of a new hall in ward 2 has been completed. It comprises a hall, kitchen, toilet and a stage, fully fenced and a tarred parking area. The hall is furnished and is ready for hire.

Statistics for the hire of community facilities comparatively for the past 2 years is listed hereunder:-

List of Halls	2011/12	2010/11
Umzinto Town Hall	132	96
Umzinto Dining Hall	72	42
Scottburgh Town Hall	48	32
Malangeni MPCC	36	22
Shayamoya Community Hall	24	8
Amandawe Community Hall	48	27
Amahlongwa Community Hall	48	25
Ghandinagar Community Centre	36	28
KwaCele Community Hall	2	Nil

Sportsfield

Umdoni Municipality has now established 6 sport fields. Details relating to such facilities were recorded as follows:-

SPORTS-FIELDS	FENCING	LIGHTING	ABLUTION BLOCKS	COMBI COURT	SEATING STANDS	STATUS
Umzinto Sportsfield	Yes	Yes	Yes	Yes	Nil	Phase 2 of the construction has commenced in May 2012, it comprised a combi court, ablution block and seating stands.
Shayamoya Sportsfield	Nil	Nil	Nil	Nil	Nil	Construction of the Sport Field has been commenced in July 2012. The scope of work comprised: Fencing, Ablution block, Combi court and seating stands
Ghandinagar Sportsfield	Nil	Nil	Yes	Nil	Yes	Phase two of the construction has commenced which included the construction of the seating stands.

Cemeteries

Phase 2 of the Humberdale cemetery in Kelso has been completed.

Statistics for financial year 2011/2012 were recorded as follows and is compared to the 2009/10 FY:-

NUMBER OF BURIALS	
2011/12	2010/11
52	86

Protection Services

Protection Services and Traffic Policing Sections

All Sec 56's (Written Notices) that were issued from 01 July 2011 till 30 June 2012 equated to R 767 950

Number of charges that was issued equated to 1122

- Spot Fines that were issued from 01 July 2011 till 30 June 2012 equated to 276
- Number of Motor Vehicles Accidents that were attended by Traffic Staff equated to 27
- Number of vehicles that were suspended due to un-roadworthiness equated to 32

Major public activities attended to:-

Amanzimtoti Cycle Club race	– 03/07/2011
Charity Fair – Umzinto – July 2011	– 08/07/2011 till 10/07/2011
Mtwalume Primary School Fun Walk	– 29/07/2011
Woman's day Breakfast Celebration	– 05/08/2011
Umzinto Secondary School Fun Walk	– 12/08/2011
Jared Kisten's Night Flea Market	– 07/10/2011
Bethany Church Crusade	– 08/10/2011
Correctional Services Funwalk	– 05/11/2011
Inanda Newton High School Annual Picnic (4000 scholars attended)	– 05/11/2011
GJ Crookes Hospital – Mental Awareness March	– 11/11/2011
Natal Motorcycle & car Club rally Championship	– 12/11/2011
Visit by President J G Zuma in Dumisa	– 20/11/2011
Operation Valingozi & Crime Awareness Campaign	– 02/12/2011
Protest March by Amandawe Committee	– 14/12/2011
Mardi Gras in Scottburgh	– 18/12/2011
Franciscan Missionaries Of Mary – 100 Year Celebration	– 14/01/2012
Scottburgh Athletics Club Annual Race	– 15/01/2012
Umdoni Coast & Country Easter Mardi Gras	– 08/04/2012
SANI 2 C race	– 17 May till 18 May 2012
Africa Marine Expo	– 18 May till 20 May 2012
GJ Crookes Hospital Anti-Tobacco March	– 30/05/2012
Department of Health Substance Abuse Awareness Road Show	– 26/06/2012

Roadblocks held within Umdoni Jurisdiction

Roadblocks and Vehicle checks were held in various areas within the Umdoni Jurisdiction.

Number of vehicles stopped and inspected : 498

Number of charges : 105

Number of Warrants of Arrests : 42

Festive Period – December 2011 – numerous beach complaints were received and attended to, all major beach entrances were closed and patrolled due to the influx of visitors and tourists during this period. Income received 2011/2012

- | | |
|-----------------------------|--------------|
| 1. Traffic fines | – R222 980 |
| 2. Driver's Licence Testing | – R3 952 824 |
| 3. Driver's Licence Motor | – R97 324 |
| 4. Taxi Fees | – R 34 105 |

Umzinto Test Centre Statistics Report

Drivers Licence Code C/C1 and EC

TOTAL BOOKED	4608
PASSED	2925
FAILED	994

Drivers Licence Code B

TOTAL BOOKED	2032
PASSED	750
FAILED	1177

Learners Licence

TOTAL BOOKED	2122
PASSED	654
FAILED	1468

The total booked is not necessarily equivalent to the sum of the total number of passes and failures, as not everyone who books follows through with the tests.

Revenue Total

DRIVER'S BOOKING	R2 939 950
ISSUE OF DRIVER'S	R2 756 300
DUPLICATE L/L DOC	R16 560
LEARNER'S BOOKING	R4 750 500
ISSUE OF LEARNERS	R64 060
PrDP	R373 000
INSTRUCTOR PERMIT APPLICATION	R12 000
INSTRUCTOR ISSUE	R2 430
ROAD WORTHY CERT APPLICATION	R115 780
ROAD WORTHY CERT ISSUE	R51 480
TDL	R179 330
TOTAL REVENUE	R11 261 390.00

Human Settlements

The Municipality has a dedicated Human Settlements Section within the Community Services Department. It ensures that everyone has the right to have access to adequate housing; also it liaises with the state and other stakeholders to take reasonable legislation and other measures within its available resources to achieve the progressive realization of this right.

Rural Housing Projects



RDP House in Amandawe Ward 5

Malangeni Rural Housing Project

Implementing Agent MGM Holdings has been appointed for Tranche 1 of Phase 2 of the Housing Rural Project to cater for the beneficiaries who were not covered in phase 1. The work is in progress.

Amahlongwa / Amandawe Rural Housing Project

The current rural housing project has reached final stages with a target of 100 houses to be built. To date 810 houses have been completed and work is still in progress. Implementing Agents ED Rose Construction, has been appointed for Amandawe/Kwa-Cele and Bigen Africa Service has been appointed for Tranche 1 of Phase 2. Work is in progress.

Umzinto Slums Clearance Housing Project

The tender document and all the SCM processes has been approved for the construction of gravel Road, basic Storm water drainage, water, sewer reticulation and phase 1 being the construction of 500 low cost houses. The construction will resume late in FY 2012.

Sale Administration Offices

The site office was in operation to conduct the sales administration for housing subsidy on the following days Wednesday, Thursday, Friday, Saturday and Sunday. The Office is situated next to the Umzinto Library, 1071 applications have been completed and submitted to Department of Human Settlements, as at 30 June 2012.

Ifafa Glebe Housing in Malangeni

This project is known as Peoples Housing Project, 1 863 houses were completed and the Project Manager- Dave Thomas and Associates is in the process of finalizing the project close out. The SLB structural engineers conducted an inspection on 185 houses that were abandoned and also on houses that had structural defects, and application for rectification funding has been forwarded to the Department of Human Settlements.

Temporary Emergency Housing for Flood Victims in Informal Settlements

As at 30 June 2012 flood victims of the Umzinto informal settlements were still occupying 564 temporary houses, and these beneficiaries would be considered as priority once the Farm Isonti Housing Project is completed.

Flood Victims Housing in Rural Areas

Mageba Projects through Province has constructed 203 houses for Flood Victims in Rural Areas. The work was completed and the beneficiaries occupied these houses.

Urban Housing Projects

Riverside Park: Old Hibiscus Block of Flats

The block of flat was damaged by the 2008 floods; this block has now been renovated and allocated to needy beneficiaries.

Ghandinagar Township (GNT) Risk Mitigation

The TCG Engineers has been appointed to undertake the storm water damages and also assess the risk of houses situated in the flood plain area. As at 30 June 2012, the work was still in progress.

Transfer of GNT Housing Stock

The process of transfers is on-going and the total number of Properties transferred, as at 30 June 2012 is 544.

Riverside Park

The RSP Refurbishment Project

SLB Consulting was appointed as Implementing Agents of this project, and the Department of Human Settlement has approved the business plan and application for funding to renovate the block of flats in Riverside Park. All the SCM processes have been approved and the tender advertised to appoint four contractors. The work was divided into four contractors in order to create work opportunities for local contractors.

Going forward SLB Consulting would also be responsible to facilitate the process of transfer of the housing stock in Riverside Park in line with the Department of Human Settlements Enhanced Extended Discount Benefit Scheme. The work will resume in the new financial year.

Special Programmes

Umdoni Bursary Fund 2012

Umdoni has provided and will continue to provide substantial and core contribution to student financial support in its area of jurisdiction. The fund is intended to assist with registration fees and it is limited to a fixed amount of R3 500 per successful applicant. Umdoni Municipality advertised in the local Newspapers and distributed to local libraries and in all respective wards, with the assistance of our ward councillors. The advert entailed the conditions and eligibility criteria of the bursary fund.

14 Students were successful and were assisted to study at various Universities and Colleges. A budget of R60 000 was expended.

HIV/AIDS Programmes

Umdoni conducted two Awareness Programmes in the rural areas of Umdoni.

The first HIV/Aids Awareness was held on the 7th of October 2011 at MPCC (Malangeni) covering areas of ward 8, 9 and 7. On 18th of May 2012, the second campaign was held at Amandawe

Community Hall and the turnout was roughly 80 members of the community from (ward 1, 2, 4 & 5).

Government Departments present at both campaigns were: The Department of Health, Social Development and Correctional Services .NGOs included Red Cross, UVHAA and Khanya Hospice.

Establishment of Umdoni Local Aids Council

Umdoni Local Aids Council meeting was held at the Scottburgh Town Hall on Tuesday, the 19th of June 2012.Government departments were present with UVHAA and Khanya Hospice as NGO's.

The main Agenda Items was the Terms of Reference of the Umdoni Local Aids Council as well as the HIV/Aids Programmes for forthcoming financial year.

Senior Citizens Fun Day

On the 4th of May 2012, Umdoni hosted a Senior Citizens Fun Day at MPCC in the Malangen Area. Siyabonga, Siyakhula and Senzakahle Citizens Clubs were welcomed by the Mayor of Umdoni: Cllr SSI Khwela as well as Cllr LN Myende of Ward 9, Cllr BJ Mtolo of Ward 8 and Cllr MN Maphumulo of Ward 1. Malangen Senior Citizens expressed their sincere appreciation of the event

Councillors and Officials presented Senior Citizens with Gifts: Winter Scarfs and Hats as well as walking sticks.

Youth Day Celebration

On 16th of June 2012, the Youth Month Celebration was held at Malangen Sports Ground .Youth was addressed by the Mayor: Cllr SSI Khwela, the Youth Champion of Umdoni Cllr NM Maphumulo, Special Programmes Officials and the Ugu District Youth Chairperson.

The Youth Day Celebration was sealed with entertainment by Artist like "Character" who also motivated the youth on issues of respect, career choices, values and leadership skills.

Disability Awareness Day

A Disability Awareness Programme and wheelchair hand over was held on the 8th of June 2012 at Umzinto Town Hall. All wards were represented and an official from UGU District Municipality was present. The Official Hand Over was done by Cllr Mtolo and Cllr Mbambo assisted by Umdoni Disability Forum Members.

A total of 10 Wheelchairs were presented to Disabled members of the communities from all 10 wards of Umdoni.

KWANALOGA Games

The KWANALOGA Games are an annual event, whereby all Districts in this Province of KwaZulu-Natal participate in various sporting codes. The games were held from the 9th-13th of December 2011, in Durban.

Umdoni Councillors and staff of Umdoni travelled to the Games and Umdoni was represented in Soccer, Boxing, Dance and Cricket Codes.

CHAPTER FOUR

Organisational Development Performance



ANNUAL REPORT 2011–2012

By 2020, Umdoni will be the JEWEL of the South Coast.

Staffing Information

Recruitment and Selection: 2011/12 FY

Following the recruitment and selection process a total of 23 positions were filled within the Municipality.

Occupational Category	MALE				FEMALE				No
	African	Colored	Indian	White	African	Coulored	Indian	White	
Legislators							1		1
Directors and Corporate Managers	1				1				2
Professionals	1		1		1				3
Community and Personnel Service Workers	1				4				5
Clerical & Administrative	3		1		6			1	11
Machine Operators & Drivers	1								1
TOTAL	7		2		12		1	1	23

Resignations : 2011/12 FY

Occupational Category	MALE				FEMALE				No
	African	Colored	Indian	White	African	Coulored	Indian	White	
Legislators				1					1
Directors and Corporate Managers					1				1
Professionals			1		5				6
Community and Personnel Service Workers		1	2						3
Clerical & Administrative	1				2		3		6
Machine Operators & Drivers	3		1		1				5
Labourers	7		2		4				13
TOTAL	11	1	6	1	13	0	3	0	35

In comparison to previous financial years, in 2010/2011 the resignations, retirements and deceased personnel were a total of 21, in 2009/2010 financial year a total of 14 personnel and in this financial year the total resignations, retirements and deceased personnel has increased to a total of 35. Of the 35 resignations, retirements and deceased personnel, 7 of the municipalities' clinic personnel were transferred to the Department of Health.

Dismissals

In the 2011/2012 financial year only one individual was dismissed from the services of the municipality.

Total Staff Establishment

The total staff establishment within Umdoni Municipality is as follows:

PERMANENT	TEMPORARY	FIXED TERM CONTRACT	SECTION 57
350	36	27	5

Of the 350 permanent staff:

- 197: work within the Technical Services Department which is headed by Mr S Chetty: GM Technical Services
- 109: work within the Community Services Department which is headed by Mr XS Luthuli: GM Community Services
- 19: work within the Financial Services Department which is headed by Mr A Nunkumar: GM Financial Services
- 21: work within the Corporate Services Department which is headed by Mr SG Dludla: GM Corporate Services
- 4 work within the Municipal Managers Department which is headed by Mr DD Naidoo: Municipal Manager

ANNUAL REPORT 2011–2012

By 2020, Umdoni will be the JEWEL of the South Coast.

Staff breakdown per functional area (inclusive of permanent, fixed term contracts and section 57 employees)

Occupational Category	MALE				FEMALE			
	African	Colored	Indian	White	African	Coulored	Indian	White
Legislators, Senior Officials and Managers	10		5	1	6		3	
Professionally qualified and experienced specialists	5		6		2		2	1
Skilled technical and academically qualified workers. Junior management, supervisors, foreman and superintendents	5		7	2	5		5	2
Technicians and Trade Workers	9							
Community and Personal Service Workers	26	1	1	3	15		2	
Clerical & Administrative Workers	14		15		35	1	13	8
Machine Operators and Drivers	18		3					
Elementary Occupations	124	1	10		31		3	
Total	211	2	47	6	94	1	28	11
Grand Total	400							

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Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

Employment Equity Statistics – a comparative between 2011/12 – 2010/11

The Employment Equity report is developed and submitted annually online to the Department of Labour. On the following page is the statistics of different categories of staff for the financial year 2011/2012 (the breakdown is inclusive of permanent, fixed term and section 57 personnel).

2011/2012 Financial Year

Occupational Category	MALE				FEMALE			
	African	Colored	Indian	White	African	Coloured	Indian	White
Senior Management			1					
Heads of Department	2		2		1			
Professionally qualified and experienced specialist	5		6		2		2	1
Skilled technical and academically qualified workers, junior management, supervisors and superintendents	5		7	2	5		5	2
Semi-skilled and discretionary decision making	62	1	19	3	50	1	15	7
Unskilled and defined decision making	129	1	10		31		3	
Total	203	2	45	5	89	1	25	11
Grand Total	381							

ANNUAL REPORT 2011–2012

By 2020, Umdoni will be the JEWEL of the South Coast.

2010/2011 Financial Year

Occupational Category	MALE				FEMALE			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Top Management			1					
Senior Management	1		2		1			
Professionally qualified and experienced specialist	3		6		8		1	1
Skilled technical and academically qualified workers, junior management, supervisors and superintendents	5		9	3	5		6	3
Semi-skilled and discretionary decision making	61	2	20	2	45	2	18	6
Unskilled and defined decision making	146	1	14		39		3	
Total	216	3	52	5	98	2	28	10
Grand Total	414							

Training and Skills Development

According to the Skills Development Act, municipalities must submit the Workplace Skills Plan and Training report annually at 30 June each year hence Umdoni Municipality successfully submitted its Workplace Skills Plan and Annual Training Report on 26 June 2012 to the Local Government Seta.

The following Skills Programmes were undertaken:

SKILLS PROGRAMME	TOTAL NUMBER OF PARTICIPANTS TRAINED
Fire Fighting 1 & 2	1
First Aid Level 1	8
Occupational Health and Safety Training	8
Basic Computer Training for Councillors	10
Councillor Induction Training	19
Occupational Directed Education Training & Development Practice	2
ELMDP	4
Vehicle Examiner Training	1
Firearm Training	4
Ward Committee Training	60
TOTAL	117

Minimum Competency Levels for Senior Management:

The Municipal Finance Management Act, Sections 83, 107 & 119 prescribe that the Accounting Officer, Senior Managers, the Chief Financial Officer and other financial officials of a municipality must meet the financial management competency levels prescribed by regulation. National Treasury issued regulations on Minimum Competency Levels on the 15 June 2007 the regulation prescribe the minimum competency levels for the following categories of employees:-

- Accounting Officers of Municipalities and Municipal entities;
- Chief Financial Officers of Municipalities and Municipal entities;
- Senior Managers of Municipalities and Municipal entities;
- Other Financial Officials of Municipalities and municipal entities; and
- Supply Chain Management Officials of Municipalities and Municipal entities.

The regulations further require each municipality to table a consolidated report on its Annual Report stating the progress made in the attainment of minimum competency levels by the above mentioned category of employees. The report on progress made as at 30 June 2012 is provided in the table below.

Number of officials admitted into the programme	Number of modules completed as at 30 June 2012	Number of modules still to be completed
15	8	9

The training and development of staff within the municipality is of the utmost importance as developed staff will ensure better, efficient and effective service delivery.

Labour Relations

This section includes a reporting on the total number of staff injured on duty as well as CCMA cases that resulted in cost implications on the municipality.

- For the financial year 2011/ 2012, the total staff that was injured on duty was 9
- Total Bargaining Council cases that resulted in cost implications on the Municipality were nil

Trend of Personnel Expenditure

Total salaries budget allocated to Human Resources Department for 2011/2012	R586, 122
Total Budgeted Expenditure	R573, 593
Total Operating Budget	R482, 400
Total Operating Expenditure	R455, 705

ANNUAL REPORT 2011–2012

By 2020, Umdoni will be the JEWEL of the South Coast.

Disclosures Concerning Councillors, Directors and Senior Officials

Note on staff costs

Below follows a summary of employee costs for the 2011/2012 financial year. For further detail, refer to Note 24 & 25 of the Annual Financial Statements:

STAFF	2011/2012	2010/2011
Actual	53 457 195	51 781 298
Budget	51 388 601	50 186 330
Variance	2 068 594	1 594 968
% Variance	4%	3%
COUNCILLORS	2011/2012	2010/2011
Actual	5 070 394	4 533 785
Budget	5 112 692	4 533 784
Variance	(42 298)	1
% Variance	(0.8%)	0%

Pension Fund for officials

There are three pension funds which staff members are affiliated to, and they are as follows:

NAME OF PENSION FUND	MEMBERSHIP OF STAFF
Superannuation + Retirement	97
Provident	259
SALGA	2
GEPP	1

19 Councillors belong to the Municipal Councillors Pension Fund and contribution by Councillors to the fund is 100%.

Medical Aid membership of staff membership of staff

NAME OF MEDICAL AID	NUMBER OF STAFF & COUNCILLORS PER MEDICAL AID
Bonitas	121
Hosmed	16
KeyHealth	11
LA Health	10
SAMWU-MED	11
PARMED	1

2011/2012 Performance Report



UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR											
KPA 1 :SPATIAL RATIONALE AND ENVIRONMENTAL											
ID In- dicator No	Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Variance	Planned Measures For Improvements	POE- Yes/No
				Target	Actual	Target	Actual				
	Develop and implement an infra- structure maintance plan	Built Houses	Number of Houses Built	700	544	650	475	Not Achieved	The delays in obtaining the EIA & ROD approv- al for Umzinto Slums Clearance Housing Project, hence the de- lay in the construction of houses.	all outstanding environmental approvals have been obtained. The project is on the tender stage and a contractor will be appoint- ed before the end of 2012.	YES
S1.1.1	Develop and implement a rural infra- structure maintanace and rehabili- tation plan	Construct Bridges	Number of bridges con- structed	0	0	0,25	nil	Not Achieved	The bridge on Gqolweni Road was planned to be constructed in the 2011/2012 Financial Year. However, the housing project on Farm Isonti took prece- dance and Council prioritised the road infrastructure in the Farm Isonti Project. The budget was then apportioned to the bridge and Farm Isonti. The Gqolweni Road Project then became a multi-year project, with the roads being con- structed in 2011/2012 and the bridge follow- ing in the 2012/2013 Finacial Year.	The bridge will be con- structed in the 2012/2013 Financial Year with grant fund- ing from MIG.	Council resolu- tion

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR

KPA 1 : SPATIAL RATIONALE AND ENVIRONMENTAL

ID In- dicator No	Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Variance	Planned Measures For Improvements	POE- Yes/No
				Target	Actual	Target	Actual				
		Electrify rural House- holds	Number of ru- ral households electrified	350	440	350	440	Achieved			Yes
S1.2.1.	To enhance trade and investment facilitation in the rural areas	Signed SLA/ MoU	Number of MoU's/SLA's signed	Nil	Nil	1 Signed SLA	1 SLA was signed with the depart- ment of COGTA with regards to the Ugu Fresh Pro- duce Market	Achieved	N/A	N/A	Yes
S1.2.2.	To enhance trade and investment facilitation in the rural areas	Functional projects	Number of developmental projects	Nil	Nil	Pack- aging of pro- jects	3 projects have been identified and the terms of reference for the projects have been developed and the pro- jects will be advertised	Achieved	N/A	N/A	Yes
S1.2.2.	To enhance trade and investment facilitation in the rural areas	Jobs cre- ated	Number of sustainable Jobs created through pro- jects	Nil	Nil	30	40	Achieved	N/A	N/A	Yes

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR												
KPA 1 :SPATIAL RATIONALE AND ENVIRONMENTAL												
ID In- dicator No	Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved		Reasons For Variance	Planned Measures For Improvements	POE- Yes/No
				Target	Actual	Target	Actual	Actual	Actual			
S1.3.1.	To facilitate an intergrat- ed approach to planning for both urban and rural com- munities	Community Based Plans	Number wards with com- munity based plans	Nil	Nil	one ward was aimed	one ward (ward 4) done	Not Achieved	Implementation of skips and wheelie bins reduced the need for cleaning operations.	Introduce more skips and wheelie bins.		
S1.5.1.	To protect and continu- ally improve the environ- ment and ensure the preservation of our envi- ronmental assets	Clean Riv- ers/Streams free of solid waste	Number of KM cleaned	0	0	4	3	Not Achieved	During thr clearing of streams it was discov- ered that only 3km war- ranted claeaning the remaining km was free of solid waste	More accurate assessment in the future		No
		Clear illegal dumpsite	Number of sites cleared	0	0	5	4	Achieved	Demand during festive season	N/A		Yes
		Provide 300 wheelie bins	Number of wheelie bins	nil	nil	650	972	Achieved.	Implementation of skips and wheelie bins reduced the number of dump sites. No dumping signage was installed.	Refuse is deliv- ered daily from the CBD.		Yes

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR												
KPA 1 :SPATIAL RATIONALE AND ENVIRONMENTAL												
ID In- dicator No	Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved		Reasons For Variance	Planned Measures For Improvements	POE- Yes/No
				Target	Actual	Target	Actual	Actual				
S1.5.2	To protect and continually improve the environment and ensure the preservation of our environmental asset	Eradicate Alien vegetation	Number of hectares eradicated	23	29	10	10	Achieved	Donations and sponsorships as part of greening initiative.	N/A		Yes
		Plant trees	Number of trees planted	500	500	300	500	Achieved	N/A	N/A		Yes
		Protect areas of high conservation value	it	0	0	4	6	Achieved.	N.A	N.A		Yes
		Implement integrated environmental management plan	km2 covered by the plan	0	0	0	0	Achieved	N/A	N/A		Yes
S1.5.3.	To protect and continually improve the environment and ensure the preservation of our environmental asset	Conduct Environmental Workshops	Number of workshops conducted			8	9	Achieved	In conjunction with programs by the Environmental Officer.	N/A		Yes

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR											
KPA 1 :SPATIAL RATIONALE AND ENVIRONMENTAL											
ID In-dicator No	Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Variance	Planned Measures For Improvements	POE- Yes/No
				Target	Actual	Target	Actual				
		Conduct Cleanup campaigns	Number of clean -up campaigns	0	0	3	5	Achieved	Material distributed in conjunction with other Departments e.g. Water Affairs and DAED	N/A	Yes
		Distribute educational material to the public	Number of environmental education packs distributed	0	0	20	200	Achieved	N/A	N/A	Yes

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR												
NATIONAL KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION												
IDP Indicator No	IDP Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Variance		Planned Measures For Improvements	POE- Yes/No
				Target	Actual	Target	Actual					
		Anti-Fraud Corruption Strategy	% of implementation	30%	30%	40%	40%	Achieved	N/A	N/A	N/A	Yes
S5.1.1 ITO	To have an effective complaints management system	Conduct Awareness programmes	Number of Internal & external Awareness programmes conducted	Nil	Nil	1	0-	Not achieved	Redesigning of Website with online management system and online balances for rates underway	Prioritisation of roll-out and implementation of system		No
		Roll-out of complaints management system	% purchase of software	100%	0	Nil	Nil	Not achieved	Redesigning of Website with online management system and online balances for rates underway	Prioritisation of roll-out and implementation of system		No
S5.2.1 COMM OF-FICER	To implement Communication Strategy	Issue Newsletter	Number of Newsletters issued	4	0	4	0-	Not achieved	Draft newsletter forwarded to GM Corp but no feedback was received.	N/A	N/A	No
		Updated Website	% of Website update	Nil	Nil	100%	100%-	Achieved	N/A	N/A	N/A	Yes
S5.3 COMM OF-FICER	To introduce customer survey evaluation programme	Conduct Customer satisfaction surveys	Number of internal and external customer survey	Nil	Nil	2	0-	Not achieved	Procurement process on hold due to insufficient budgetary provision	Ensure sufficient budgetary provision in next financial year		No
S5.4.1 WARD COMM	To promote Ward Committee participation	Conduct Capacity Building workshop	No of capacity building workshops conducted	2	2	2	2	Achieved	N/A	N/A	N/A	Yes
		In Rural Ward Committees	In Rural Ward Committees									

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR

NATIONAL KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

IDP Indicator No	IDP Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Variance	Planned Measures For Improvements	POE- Yes/No
				Target	Actual	Target	Actual				
S5.5.1 WARD COMM	To ensure functionality of Ward Committee	Capacitate Ward Committees to achieve functionality	No of functional Ward Committees i.t.o. the CoG-TACalculator	9	9 Ward Committees trained and functional	10	10 Ward Committees trained and functional	Achieved	N/A	N/A	Yes
		Fraud Prevention Plan	% Compliance to requirements of Plan	30%	30%	40%	40%	Achieved	N/A	N/A	Yes
		Awareness Programme – Internally & Externally	% of reported cases of fraud corruption	25%	25%	35%	35%	Achieved	N/A	N/A	Yes
		Presidential Hotline	% Compliance to requirements of Plan	25%	25%	100%	100%	Achieved	N/A	N/A	Yes
		SCOPA/MPAC (Please unpack)	5 Members of Committee	5	5	5	5	Achieved	N/A	N/A	Yes
		(Continued training)		5 members	5 members	5 members	5 members	Achieved	N/A	N/A	Yes
		SCOPA/MPAC	4 meetings p.a	N/A	N/A	4	7	Achieved	N/A	N/A	Yes
		Audit Committee	4 meetings p.a	4	3	4	5	Achieved	N/A	N/A	Yes
		Performance Audit Committee	2 meetings p.a	2	2	2	2	Achieved	N/A	N/A	Yes

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR											
NATIONAL KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION											
IDP Indicator No	IDP Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Variance	Planned Measures For Improvements	POE- Yes/No
				Target	Actual	Target	Actual				
		Conduct Audit Steering Committee	3 meetings p.a	2	3	3	3	Achieved	N/A	N/A	Yes
		Annual Internal Audit Plan	% of projects identified from the Risk Register	40%	40%	80%	80%	Achieved	N/A	N/A	Yes
			% of projects on Annual Audit Plan completed	100%	85%	100%	90%	Not Achieved	Waste Management Audit Deferred	PT Planning & Budgetary allocation	No
		Assessment of Internal Audit	Evaluation Report by 30 June 2012	30-Jun-11	31-Aug-12	30-Jun-12	30-Sep-12	Not Achieved	Review of Evaluation Questionnaire	N/A	No
		Assessment of Audit Committee and PAC	Evaluation Report by 30 June 2012	30-Jun-11	31-Aug-12	30-Jun-12	30-Sep-12	Not Achieved	Review of Evaluation Questionnaire	MANCO to direct RMC	No
		Risk Management Committee	4 meetings p.a	4	4	4	3	Not Achieved	Inquire Meetings	N/A	No
		Monitor & Evaluate progressive development of the Policy & Procedure Register	75% Complete	70%	65%	75%	85%	Achieved	N/A	N/A	No

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR

NATIONAL KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

IDP Indicator No	IDP Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Variance	Planned Measures For Improvements	POE- Yes/No
				Target	Actual	Target	Actual				
								Actual			
		Compliance with Policies & Procedures	100% Compliance	100%	75%	100%	85%	Not Achieved	Certain High Risked non-conductive areas eg. IT, Records Management etc...	N/A	No
		Monitor & Evaluate progressive implementation of Plan of Corrective Measures for Regularity Audit.	100% Complete by 30 June 2012	100%	100%	100%	80%	Not Achieved	Leave & overtime; Unauthorised expenditure	N/A	No
		Monitor & Evaluate progressive implementation of Plan of Corrective Measures for Performance Audit.	100% Complete by 30 June 2012	100%	100%	100%	75%	Not Achieved	Non Aligned Reporting & Non-Alignment, Non-Compliance	N/A	No
		Implementation of Audit Process Plan and Timetable	100% compliance	100%	100%	100%	100%	Achieved	N/A	N/A	Yes

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR

NATIONAL KPA 6 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

IDP Indicator No	IDP Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Variance	Planned Measures For Improvements	POE- Yes/ No
				Target	Actual	Target	Actual				
S2.1.1.	To ensure financial sustainability	Asset maintenance plan	% of development & implementation plan	N/A	N/A	100%	The plan and framework has been developed and workshoped on numerous occasions. Poor implementation has resulted in the decision to form a Asset Management Committee in the New financial year.	Not Achieved (Implementation)	Poor response from user departments	Formation of an Asset Management Committee in the new financial year. The committee has been established	No
S6.1.1		Increased number of tariffs	Number of revenue streams identified	N/A	N/A	2	Two revenue streams included in the TOC 2012/13	Achieved	N/A	N/A	Yes
S6.1.2		Implementation of T.O.C	% increase in existing revenue	N/A	N/A	gap analysis and report	This was concluded in conjunction with the Development of the 2012 GV Roll.	Achieved	N/A	N/A	Yes

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR											
NATIONAL KPA 6 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT											
IDP Indicator No	IDP Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Variance	Planned Measures For Improvements	POE- Yes/ No
				Target	Actual	Target	Actual	Actual			
S6.1.3		Cost reflective T.O.C	% of operational costs recouped	N/A	N/A	incl in the TOC	This was completed with the adoption of the 2012/13 TOC. Certain tariffs are rendered below operation costs so as to provide a subsidised to ensure affordability by all our communities , eg Community Halls.	Achieved	N/A	N/A	Yes
S6.1.4		credible database	% improvement on current database	N/A	N/A	Implementation Report	Whilst the procurement of the SCM system was finalised in the 2011 year , due to various IT considerations the finalisation of the implementation was delayed.	Not Achieved	Delays with the procurement of the required server.	This has subsequently been attended to.Implementation of a new electronic software for the SCM system which assist the municipality on the sytem on the rotational basis.Prevent manual Se-lection and repeating same service providers. The SCM has introduced decentralation of interest in the database forms which will assit in identifying those companies where their shareholders or directors are in the employee of the state	No

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR											
NATIONAL KPA 6 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT											
IDP Indica- tor No	IDP Strate- gic Objec- tives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Vari- ance	Planned Measures For Improvements	POE- Yes/ No
				Target	Actual	Target	Actual	Actual			
S6.1.5		increased debt col- lection/ decreased debt	% debt ac- tioned	N/A	N/A	Identi- fied col- lection chal- lenges	Process herein are reviewed on a monthly basis and comprehen- sive reports are submitted to the Debt Recovery Sub Committee.	Achieved	N/A	N/A	Yes
S6.1.6		Clean audit report	Reduction in number of audit queries raised	N/A	N/A	Devel- oped 100%& imple- ment 30% action plan for 2010/11	Responses have been developed for all queries raised and the implementation of the action plan is current- ly ongoing.	Achieved	N/A	N/A	Yes
S6.1.7		4 workshops	Number of workshops conducted re- lating to finan- cial matters	N/A	N/A	4 work- shops	Workshops have been conducted on an ongoing ba- sis to ensure that all indivi- duals are aware of the relev- ent financial regulations/ policies.	Achieved	N/A	N/A	Yes

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR											
NATIONAL KPA 6 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT											
IDP Indicator No	IDP Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Variance	Planned Measures For Improvements	POE- Yes/ No
				Target	Actual	Target	Actual	Actual			
S6.2.2. HRM	To reduce employee related costs by 2014 to an acceptable level	Review Organogram (ERC)	Annual Review of Organogram	Nil	Nil	Review Organogram	Organogram reviewed in October 2011	Achieved	N/A	N/A	No
S6.2..3 HRM & GM-CORP		Task/work plans	% of improvement in performance measurement through Weekly /Monthly / Quarterly Work-plans	Nil	Nil	100%	0%	Not achieved	Review of PMS (roll-out to lower level staff) did not materialise due to Senior Strategic Manager Planning and Development resignation (subject matter expert)	Roll-out plan to be implemented in next financial year	No

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR											
NATIONAL KPA 6 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT											
IDP Indicator No	IDP Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Variance	Planned Measures For Improvements	POE- Yes/ No
				Target	Actual	Target	Actual				
S6.2.4 HRM		Filling of positions that are vacant through natural attrition and retirement	% of positions addressed by natural attrition and retirement	Nil	Nil	100%	30%-	Not achieved	Monetization on lower level positions	N/A	No
S6.2.5 HRM		Filling of Critical posts	Annual Review of Organogram specific to critical position in line with Annual Budget	Nil	Nil	11	5 Critical positions filled	Not achieved	Dispute declared by Labour on the Consultative process not being followed.	To consult with Labour and to ensure HODs complete vacancy authorisation forms	No

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR											
NATIONAL KPA 2 : BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT											
IDP Indicator No	IDP Strategic Objectives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Variance	Planned Measures For Improvements	POE- Yes/ No
				Target	Actual	Target	Actual	Actual			
S2.1.1	Improve ,expand and maintain existing inra-structure	Upgrade Crèches	No. of crèche's upgraded	100%	100%	1	1	Achieved	N/A	Upgrade of Ghandina-gar Creche Completed 2011/2012	YES
		Upgraded Sports-fields (Kwacele-Ablution)	No of sports-fields upgraded	0	0	1	1	Achieved	N/A	KwaCele ablution blocks upgrade completed 2011/2012	YES
		Electrify rural House-holds	Number of rural households electrified	630	0	350	440	Achieved	Prior plan-ning in pre-vious year resulted in smooth ex-ecution of the project.	N/A	Yes
S2.1.1	Improve ,expand and maintain existing inra-structure	New gravel roads con-structed	km of new gravel road	3	0.8	4.2	5	Achieved	Efficient Manage-ment, additional demand in terms of roads; Cost for funerals	N/A	Yes

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR												
NATIONAL KPA 2 : BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT												
IDP Indica- tor No	IDP Strate- gic Objec- tives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Vari- ance	Planned Measures For Improvements	POE- Yes/ No	
				Target	Actual	Target	Actual					
		Rehabilitate and main- tain Existing gravel roads	km of gravel roads rehabili- tated (main- tained)	50	80.5	10	443.08	Achieved	Due to hiring of equipment and repairs to existing equipment.	N/A	Yes	
		Existing as- phalt roads rehabilitated	km of asphalt road rehabili- tated	3	4	40	37.61	Not achieved	Shortage of bitu- men in the country, it was beyond Municipal- ity's control	The remaining KM will be done in the 2012/2013 fi- nancial year depending on the availability of funding	No	
		Construct New storm- water drain- age	meters of stormwater drainage con- structed	200	65	106	428	Achieved	N/A	N/A	Yes	
		Rehabilitate existing stormwater drainage	meters of stormwater drainage reha- bilitated	0	0	550	25030	Achieved	N/A	N/A	Yes	
S2.2.1.	To ensure that all people have access to solid waste disposal	Collect Recyclables from house- holds	Number of households recyclables collected	0	0	600	800	Achieved	Participa- tion of public in the pro- gramme	N/A	Yes	

UMDONI MUNICIPALITY ANNUAL PERFORMANCE REPORT 2011/2012 FINANCIAL YEAR											
NATIONAL KPA 2 : BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT											
IDP Indica- tor No	IDP Strate- gic Objec- tives	Measurable Objectives/ Output	Performance Measure (Unit Of Measure)	Previous Year 2010/2011		Annual Performance 2011/2012		Achieved/ Not Achieved	Reasons For Vari- ance	Planned Measures For Improvements	POE- Yes/ No
				Target	Actual	Target	Actual				
			Number of cubic meters of waste recycled	0	0	2000	1600	Not Achieved	Was not introduced in other areas , only in one ward public awareness on waste recycling was limited	Establish plan to create awareness in all the areas.	No
		Rural refuse collection programme	% of rural households covered	0	0	50	50	Achieved	N/A	Placing of 47 skips	Yes
S0: 2.5.1	To ensure effective facilitation of water and sanitation services to all our com- munities	Facilitation of water and sanitation services with the District Municipality	The % of households with access to basic level of water	District Municipi- pality	District Municipi- pality	District Municipi- pality	District Municipi- pality	District Municipi- pality	District Municipi- pality	District Municipality	N/A
			The % of households with access to basic level of sanitation	District Municipi- pality	District Municipi- pality	District Municipi- pality	District Municipi- pality	District Municipi- pality	District Municipi- pality	District Municipality	N/A

CHAPTER FIVE

Financial Performance



1. Liquidity Ratio

Current Assets
Current Liabilities
144 134 039
108 325 909
133.06%

The liquidity ratio relates primarily to the financial resources utilised during the operating cycle. This ratio depicts that the municipality is able to pay its current debt.

Whilst the ideal ratio is 2:1, given that we are a service delivery organisation, excess cash is utilised for the alleviation of poverty and the improvement in the lives of the constituents of Umdoni.

2. Solvency Ratio

Net Profit + Depreciation
Total Liabilities
37 771 650 + 14 600 189
137 224 676
52,371,839
137 224 676

38.17%

The solvency ratio provides an assessment of the likelihood of the municipality to continue congregating its debt obligations. This ratio depicts that the municipality is able to meet its long term debts.

The ideal ratio is 20% and therefore that above represents a financially sound organisation.

3. Financial Leverage Ratio

Debt
Equity
22 988
528 593 345
0.004%

The financial leverage ratio indicates the extent to which the municipality relies on debt financing. This represents that Umdoni is not reliant on debt funding and is therefore not subject to the associated credit risk.

4. Percentage Of Employee Costs Against Total Expense

Employee costs - Contribution to post-retirement medical aid and long service

Total expenditure

57 854 310 - 4 397 115

133 252 313

53,457,195

133 252 313

40.12%

This value is greater than the norm of 30% as encouraged by Treasury.

In acknowledging this, we have begun strict management and control of staff costs and expect a reduction in the upcoming years of the above percentage.

5. Spending Against Capital Budget

Expenditure

Capital Budget

74 886 909

113 482 887

65.99%

This was mainly due to unforeseen delays in the roll-out and compilation of capital projects. Such projects will be completed in the 2012/13 financial year.

Expenditure improvement measures must be implemented by all departments to ensure service delivery is not delayed.

6. Owned Revenue Compared Total Revenue

Owned revenue

Total revenue

87 743 938

171 023 963

51.31%

This identifies that the municipality generates its own revenue of 51% of the total revenue, the balance of which is obtained by government grants and subsidies.

Whilst we are not fully grant dependent, the municipality is currently investigating increasing internal revenue to increase our self-sustainability.

ANNUAL REPORT 2011–2012

By 2020, Umdoni will be the JEWEL of the South Coast.

CHAPTER SIX

Auditor General's Findings



REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON UMDONI MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the financial statements of the Umdoni Municipality set out on pages 175 to 244, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officers responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal

control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Umdoni Municipality as at 30 June 2012 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of errors discovered during 2012 in the financial statements of Umdoni Municipality for the year ended, 30 June 2011.

Unauthorised Expenditure

9. As disclosed in note 35.1 to the financial statements, unauthorised expenditure of R9, 5 million was incurred as a result of expenditure exceeding the approved budget for operating expenditure.

Additional matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material inconsistencies in other information included in the annual report

11. I have not obtained all other information included in the annual report for my review and therefore have not been able to identify any material inconsistencies with the financial statements.

Unaudited supplementary schedules

12. The supplementary information set out on pages 108 to 109 do not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Report on the other legal and regulatory requirements

13. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 90 to 106 of the annual report.
15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information* (FMPPI). The reliability of the information in respect of the selected objective is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
16. The material findings are as follows:

Usefulness of information

Presentation

17. Improvement measures in the annual performance report for a total of 41% of the planned targets not achieved were not disclosed, as required by section 46 of the Municipal Systems Act 32 of 2000 (MSA). This was due to inadequate internal policies and procedures regarding the processes pertaining to the reporting of performance information. The root cause of the lack of presentation is that corrective measures are not appropriately described and not validated against the supporting documents.
18. Section 46 of the MSA requires the disclosure of measures taken to improve performance in the annual performance report where planned targets were not achieved. Adequate and reliable corroborating evidence could not be provided for 76% of measures taken to improve performance as disclosed in the annual performance report. Insufficient training was provided to the relevant heads of department to ensure that they understand the requirements of the annual report. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the validity and accuracy of the measures taken to improve performance.

Consistency

19. Section 41(c) of the MSA requires that the integrated development plan/ service delivery budget implementation plan should form the basis for the annual performance report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 51% of objectives, 100% of indicators and 27% of targets reported in the annual performance report were inconsistent with the objectives/indicators/targets as per the approved annual performance plan. The root cause of the inconsistency is that the performance manager did not review the report before submission.

Measurability

20. The FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 39% of the targets were not specific in clearly identifying the nature and the required level of performance. This was because management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.
21. The FMPPI requires that performance targets be measurable. The required performance could not be measured for a total 59% of the targets. This was because management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.
22. The FMPPI requires that the time period or deadline for delivery be specified. A total of 46% of the targets were not time bound in specifying a time period or deadline for delivery. This was because management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.
23. The FMPPI requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 29% of the indicators/measures were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was because management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.
24. The FMPPI requires that it must be possible to validate the processes and systems that produce the indicator. A total of 54% of the indicators/measures were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the lack of key controls in the relevant systems of collection and verification of actual performance information.

Reliability

25. The FMPPI requires that processes and systems which produce the indicator should be verifiable. A total of 85% of the actual reported performance relevant to the selected basic service delivery and infrastructure objectives differed materially when compared to the source information and/or evidence provided. This was due to a lack of standard operating procedures for the recording of actual achievements.
26. The FMPPI requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. A total of 85% of the actual reported performance relevant to basic service delivery and infrastructure objectives was not accurate when compared to source information. This was due to a lack of standard operating procedures for the recording of actual achievements.
27. The FMPPI requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. Source information for 85% of the actual reported performance for the selected basic service delivery and infrastructure objectives was not completely recorded. This was due to a lack of document management system with regard to actual performance achievements.

Additional matters

28. I draw attention to the matters below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

29. Of the total number of planned targets, 35 were not achieved during the year under review. This represents 31% of total planned targets that were not achieved during the year under review. This was mainly because indicators and targets were not suitably developed during the strategic planning process.

Compliance with laws and regulations

30. I performed procedures to obtain evidence that the municipality had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the General Notice issued in terms of the PAA, are as follows:

Budgets

31. The municipality incurred expenditure in excess of the limits provided for in the votes in the approved budget, in contravention of section 15 of the MFMA.

Annual financial statements

32. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets and disclosure identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

33. Awards were made to service providers who are persons in the service of other state institutions or whose directors/ principal shareholders are persons in service of other state institutions, in contravention of SCM regulations 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).

Expenditure management

34. The accounting officer did not take reasonable steps to prevent unauthorised expenditure, as required by section 62(1) (d) of the MFMA.

Internal control

35. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis to maintain an unqualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report

Leadership

36. The accounting officer did not adequately exercise oversight responsibility over the compliance with laws and regulations relating to procurement and contract management, reported performance information and review of annual financial statements.

Financial and performance management

37. Systems and controls were not designed in a manner to prevent, detect and address risks that impact on financial, performance and compliance reporting. In this regard, the accounting officer did not ensure that regular, accurate and complete financial and performance reports were prepared, supported and were evidenced by reliable information. This resulted in material corrections in the financial statements and annual performance report.

Pietermaritzburg

30 November 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

UMDONI MUNICIPALITY REPORT OF THE CHAIRPERSON: AUDIT & PERFORMANCE AUDIT COMMITTEE



Mr L Lockhat, Mr P Preston (Chairperson, Audit Committee) and Ms C Elliott

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Members of the Audit Committee:

Mr. Paul Preston	–	Chairperson
Mr Sipho Nzuza	–	Member
Mrs Chantal Elliott	–	Member
Mr Imraan Lockhat	–	Member

The Audit Committee sat on the following dates:

1. 22 August 2011
2. 26 September 2011
3. 11 April 2012
4. 16 July 2012

The Performance Audit Committee sat on the 28th February 2012 and various meetings were also held with the AG Steering Committees.

Two interactive sessions with the Umdoni Council took place on the 19th September 2011 and the 30th May 2012.

Those two meetings fulfilled the function of Section 166 of the Municipal Finance Management Act (“MFMA”).

1. Background

According to section 62(1)(c) of the MFMA, No.56 of 2003, the Accounting Officer of a municipality is responsible from managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent system of financial and risk management and internal controls and that internal audit is operating in accordance with any prescribed norms and standards. The approved Audit Committee Charter states that the Council will ensure that an annual assessment as to the effectiveness of the Committee is performed. The Committee shall review its own effectiveness and report the outcome of its assessment annually to Council. To assist the Council to assess the Audit Committee in respect of its performance, considering it's responsiveness to the Audit Committee Charter, effectiveness of relationships and communications with management, internal and external auditors. This report documents the activities of the Audit Committee sitting for shared services, Umdoni, for the 2011/2012 financial year.

2. Members and Meetings of the Audit Committee

In terms of the Municipal Finance Management Act (MFMA) and the Umdoni Municipality's Audit Committee Charter, the Audit Committee as at the 30 June 2012, included four external independent members. None of the members were Councillors. Prior to the review and subsequent Council approval of the Audit Committee Charter in 2012, the membership composition of the Audit Committee included the Municipal Manager. The Audit Committee included the following members listed above and meets at least four (4) times per annum as per its approved Charter. Aside from all other Statutory meetings which requires Audit Committee representativity, the following table is indicative of attendance to meetings of external members, for the year under review:-

Attendance - Audit Committee : FY 2011-2012				
Dates	External Members			
	Mr P Preston	Ms C Elliott	Mr I Lockhat	Mr S Nzuza
22 August 2011	1	1	1	1
26 September 2011	1	1	1	1
11 April 2012	1	1	1	1
Total	3	3	3	3
Present = 1				
Absent/Apology = 0				

Attendance - Performance Audit Committee - 2011/2012				
Dates	External Members			
	Mr P Preston	Ms C Elliott	Mr I Lockhat	Mr S Nzuza
22 August 2011	1	1	1	1
28 February 2012	1	1	1	1
Total	2	2	2	2
Present = 1				
Absent/Apology = 0				

As alluded to earlier in my report, two interactive sessions with the Umdoni Council took place on the 19th September 2011 and the 30th May 2012. These meetings included assessment of risk in respect of the Municipality and considered the debtor's book of the Municipality. The Council was advised to implement some form of write-off policy in respect of the long outstanding debt or to give some form of amnesty to rates debtors, in order that some form of income stream could be restored to the Municipality on this basis.

The Manager: Internal Audit also arranged a very informative and instructive presentation from CoGTA which dealt in much detail with PMS as well as performance audits in respect of Section 40, 41, 43 and 46 of the Municipal Systems Act.

The Audit Committee meetings allowed for sufficient time to allow it to properly discharge its responsibilities. The Chairperson and not management is clearly in control of the meeting, directing the pace and length of discussions. Members feel comfortable in discussing issues, questioning management, and driving discussions. Audit Committee members have adequate opportunity to discuss issues and ask probing and/or challenging questions of management, where necessary. Audit Committee members respect the confidentiality of meetings with management, internal audit and the external auditors.

A schedule/(council approved roster) of all planned audit committee meetings for the year is in place, and use of this schedule was practical. Reliance was placed on the Manager: Internal Audit to inform the committee members of meetings and how the committee's responsibilities would have been addressed over the year. The committee chair approves agendas, very much guided by for support from Manager: Internal Audit. Advance preparation materials contained the appropriate level of detail, and were distributed with sufficient time before meetings to allow members to prepare. Audit committee members carefully reviewed draft meeting minutes to ensure they captured the essence of issues and discussion. Committee members contacted one another, the Manager: Internal Audit, and the Committee Chairperson between meetings if issues or concerns arose. An atmosphere of mutual trust and respect exists between the Audit Committee and staff while maintaining a spirit of healthy scepticism. The Audit Committee has a written charter, setting out its purpose and responsibilities. The Council approved the charter. The committee reviews and assesses the adequacy of the charter annually, recommending to the Council to approve any amendments.

3. Audit Committee's Responsibilities

The Audit Committee's responsibilities are outlined in Section 166(2) of the Municipal Finance Management Act, 56 of 2003. The Audit Committee has a written charter, setting out its purpose and responsibilities. The Council approved the charter. The committee reviews and assesses the adequacy of the charter annually, recommending to the Council to approve any amendments. The Charter being the basis for the Terms of Reference has regulated the Audit Committee's roles and responsibilities. The Audit Committee Charter was reviewed by the committee and recommendations were made to enhance the independence of the Audit Committee in line with King III on Corporate Governance. The effect of this resulted in the Municipal Manager being removed as a member of the Audit Committee. In discharging it's responsibilities for the year ended 30 June 2012 the Audit

Committee completed the following:-

3.1 Annual Financial Statements

- Reviewed the quality of the financial information, financial statements and other public and regulatory reporting;
- Reviewed the draft annual financial statements prior to submission to Council and then the Auditor-General (SA) and made recommendations on enhancing the quality of disclosure;
- Reviewed the draft annual financial statements to ensure they present a balanced and understandable assessment of the position, performance and prospects of the Municipality;
- Reviewed the external auditors' proposed audit report in relation to the year ended 2012;
- Discussed problems and reservations arising from the audit, and any matters the auditors wished to discuss;
- Reviewed the external auditors' management letter and management response with regard to the corrective action to be undertaken in response to significant internal audit findings;
- Identified key matters arising in the prior year's management letter and satisfied itself that they were being properly followed up.

3.2 Performance Management

The Committee considered matters relating to performance management in order to discharge the responsibilities prescribed in terms of Regulation 14(4) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

These responsibilities included:

- A review of the quarterly reports submitted by internal audit.
- Planning and Performance Management Regulations.
- Reviewed the performance management system and testing the functionality thereof and compliance with the Act.
- Focussed on economy, effectiveness, efficiency, reliability and impact applicable to the Municipality's own key performance indicators.
- Considered the application of Sections 40, 41, 43 and 46 of the MSA, with reference to the I.D.P. and the shortcomings of the Municipality in this regard.

3.3 Debt Recovery

Progress reports and minutes of the Debt Recovery Sub Committee were on the agenda. Submission of these items were aimed at informing the Audit Committee of progress and movement of debtors.

The challenges experienced are as follows:

- 3.3.1 Deceased Estates – This constitutes most of the debt book. It is a known risk and is being addressed as well as possible.
- 3.3.2 Vacant Properties.
- 3.3.3 De-registration of companies.
- 3.3.4 Tracing – Council is experiencing great difficulty in verifying the details of the registered owners of properties.
- 3.3.5 Court Delays – High Court/Defended Matters make up approximately R7.6 m of the debt, these matters are dependent on court ruling and trial dates.
- 3.3.6 In-Duplum Write-Offs – The common law in-duplum rule holds that interest stops running when the unpaid interest equals the outstanding capital.

3.4 Risk Management Committee Report Back

Risk Management is being addressed at the Umdoni Municipality. Poor attendance at meetings has been noted, resulting in meetings being inquorate. This matter is expected to be addressed by the Municipal Manager as Risk Management should be given priority attention, operationally.

3.5 Internal Control and Internal Audit

The Audit Committee is responsible for monitoring and supervising of the effective functioning of the Internal Audit activity. Internal Audit reports functionally to the Audit Committee and administratively to the Accounting Officer. The Audit Committee:-

- has direct access to Internal Audit through a reporting relationship with Internal Audit thus supporting its independence from management.
- via the Chairperson has conducted regular private telephone calls with the Manager of Internal audit to allow for frank discussion of issues and concerns.
- evaluated the performance of internal audit and the independence and effectiveness of the internal auditors.
- understands the scope of internal and external auditor's review of internal control over financial reporting, and obtained reports on significant findings and recommendations, together with management's responses.

- evaluated controls over the overall operational and financial reporting environment and reviewed the effectiveness of the internal controls.
- assessed the adequacy of performance of the internal audit function, and the adequacy of available internal audit resources.
- reviewed the adequacy of corrective action taken in response to significant internal audit findings raised in the prior year.
- reviewed and approved the Internal Audit Charter, Internal Audit Plans and Internal Audit's conclusions with regard to internal control.
- frequently discussed matters with respect to risk assessment and risk management.

3.6 Compliance and Ethics

From a review of various reports and discussions held at Audit Committee meetings the Audit Committee noted that a Fraud Prevention Strategy was in place and a code of conduct for municipal staff in terms of the Municipal Systems Act was applied by the municipality. As a result the Audit Committee is satisfied that it has complied with its responsibilities and has discharged them properly and efficiently with respect to reviewing the effectiveness of mechanisms for the identification and reporting of compliance with laws and regulations; and the findings of regulatory bodies or audit observations.

3.7 Section 71 Management Report

This is submitted at each Audit Committee meeting ie. quarterly. It is most helpful in providing a contemporaneous indication of the financial health and state of the Municipality at any given time. The Audit Committee recommends that monthly section 71 Management reports also be submitted to the committee during the year.

4. The Effectiveness of Internal Controls

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and recommended enhancements to the controls and processes. The system of internal control was not entirely effective during the year under review as compliance with prescribed policies and procedures were lacking in certain instances. During the year under review several instances of non-compliance

were reported by Internal Audit that resulted from a breakdown in the functioning of controls. Various reports of the Internal Auditors as well as the Audit Reports on the Annual Financial Statements and Management Letter of the Auditor-General (SA) indicated that the system of internal controls within key management processes had salient weaknesses. The Committee concurs and accepts the findings and recommendations of Internal Audit and is satisfied that once management has implemented the agreed recommendations that this will enhance the current control environment and effectiveness of internal controls.

It is a systemic problem in Municipalities that the operational capacity of middle management is responsible for ineffective PMS and poor operational capacity within the Municipality. This has led to the Auditor-General (SA) focusing sharply on non-compliance with Section 40, 41, 43 and 46 of the MSA.

5. The quality of in-year reports submitted in terms of the MFMA

- 5.1 The quarterly performance management reports, the budget and SDBIP, Internal Audit reports and the Annual Performance Reports have been received by the Audit Committee. The Audit Committee reviewed these reports and is satisfied to an extent with the content and quality of these reports prepared and issued by the Accounting Officer and management during the year under review.
- 5.2 The quality of monthly and year-end reports submitted in terms of the MFMA must be reported upon. Mention must be made of the quality of the documentation presented to the Audit Committee. The documents are extremely well and thoughtfully prepared and are very accessible. Internal Audit has put a great deal of thought and effort into the meetings. The Audit Committee has always been provided with very wide scope of data, information and of comparatives during the past financial year to interrogate all aspects of the Municipality. In doing so Internal Audit and the Audit Committee has isolated and defined in the course of the year, the difficulties which are evident or which may be evident in the AG's Management Report.

6. Internal Audit Function

During the year under review, an audit plan was prepared based on the Annual Risk Assessment. The following is a list of areas of concerns which required Internal Audit and Management's high level attention:

- Ethics
- Asset Management Review
- Bi-annual reviews of Performance Management
- Cash Flow Management Review
- Financial Discipline Review
- Follow Up Review: Inventory and Workshop Management
- Follow Up Review: Revenue Management
- Follow Up Review: Compliance with the Disaster Management Act
- Follow Up Review: Compliance with the Occupational Health and Safety Act
- Information Technology General Controls Review
- Supply Chain Management Discipline Review
- Corrective Action Plans: A-G Management Report & Audit Reports
- Section 36 and 17(1)(c) of SCR Regulations
- Annual Financial Statements
- Fraud Prevention
- Statutory Compliance.
- Risk Management (Overall including the newly proposed Planning and Development Departments under the expected directorship of a Section 57 Official from the FY 2012-13)
- Performance Management (Overall including the newly proposed Planning and Development Departments under the expected directorship of a Section 57 Official from the FY 2012-13)

An annual assessment of the Internal Audit function had been completed the Audit Committee. The Audit Committee is satisfied with the performance of the Internal Audit function and reports that all projects in terms of the approved risk based annual audit plan had been adequately addressed as required by Law. The plan comprising of the approved projects for the FY 2011-12 and it's status of attention is reported upon in the Internal Audit Report within the Annual Report under the auspices of the Office of the Municipal Manager.

7. Evaluation of Annual Financial Statements

The Audit Committee has reviewed the draft annual financial statements for the year ended 30 June 2012 prior to same being submitted to the Auditor General on the 31 August 2012. The Committee reviewed the accounting policies and practices and evaluated the draft annual financial statements based on the information provided to the Committee and considered the integrity of the said statements complying in all material respects with the requirements of the MFMA and Treasury Regulations as well as the statements of Generally Recognised Accounting Practice (GRAP).

The Committee will in the next FY review the audited financial statements together with the report of the Auditor General and the related management letter with management responses in order to provide council with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness on overall compliance with the MFMA and any other applicable legislation.

8. Conclusion

I would like to thank my colleagues for making themselves available to serve on this Committee and for the significant contribution that they have made. As an Audit Committee, we rely to a great extent on the Manager: Internal Audit and her staff in the Internal Audit Department for their support and assistance and, in particular, for the role they continue to play in improving the accounting and internal auditing systems and controls at Umdoni Municipality. We are indebted to them for their efficient service and assistance. We are also grateful to the helpful input of the Municipal Manager, the Chief Financial Officer, the Auditor-General, CoGTA and other invitees ie. PT & NT to our meetings, including the external service providers, all of whom provide invaluable information to the Committee.

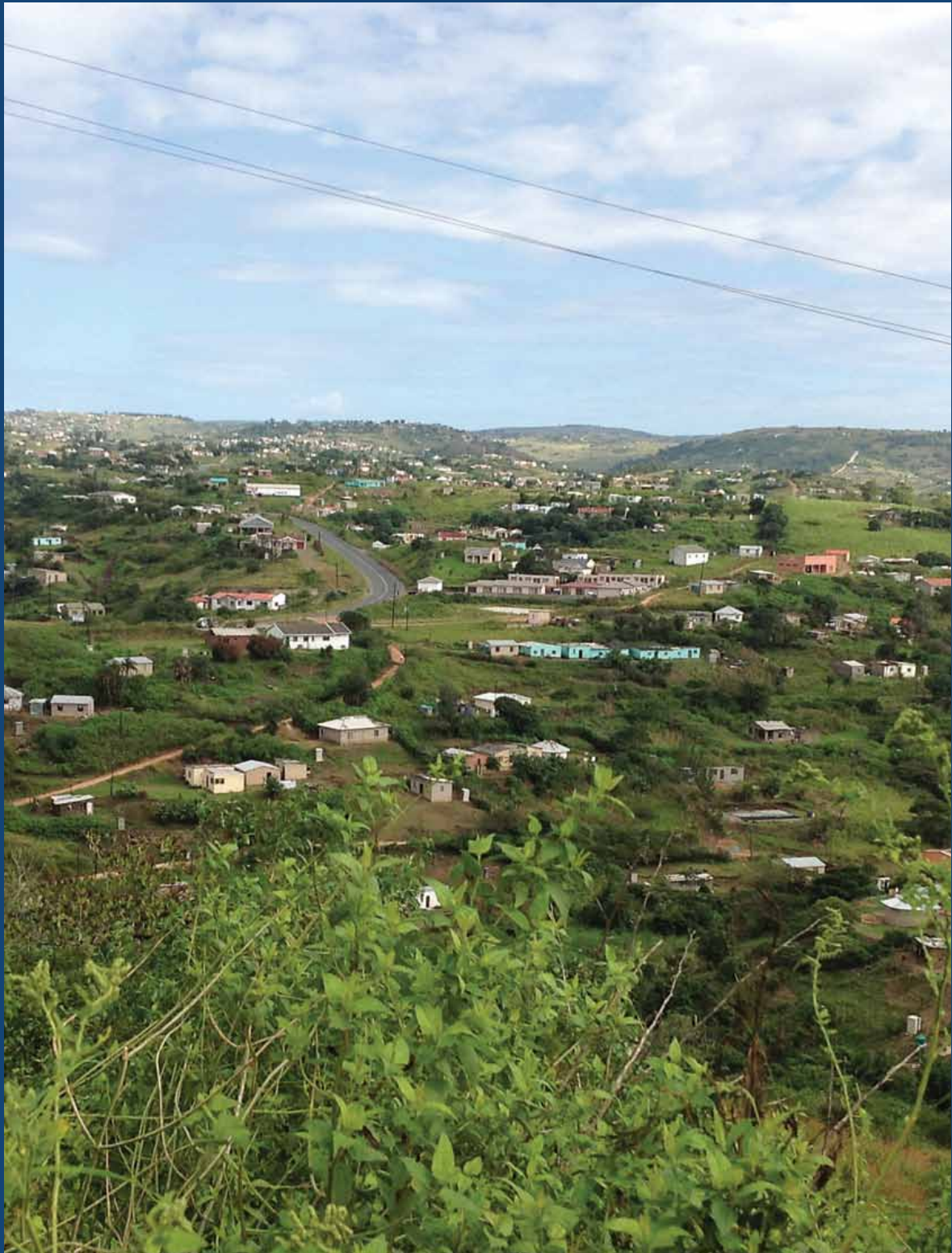
Mr Paul Preston



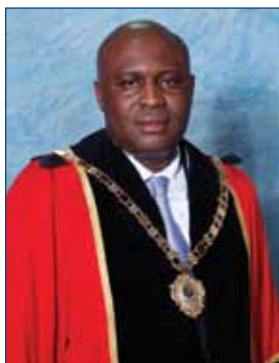
Chairperson: Umdoni Municipality
Shared Services Audit Committee

Date: 3 December 2012

APPENDICES



APPENDIX A: Councillors: Political Allocation



His Worship the Mayor, Cllr SSI Khwela



The Deputy Mayor,
Cllr MO Zama



The Honourable Speaker,
Cllr P Naidoo



Member of the Executive
Committee, Cllr EV Baptie

Umdoni Municipal Council consists of 19 Councillors, four of which are full time Councillors. The political and gender representation of Umdoni Council during the period of reporting is as follows:-

POLITICAL PARTY	NUMBER OF COUNCILLORS	FEMALE	MALE
ANC	12	5	7
DA	4	*1	3
IFP	1		1
MF	1	1	
NFP	1	1	
TOTAL	19	8	11

**DA initially had 4 male Councillors, however after the resignation of Councillor Meyer in May 2012, Councillor (Mrs) Sookhraj was appointed as Councillor.*

APPENDIX B:

Committee Allocation and Purposes

Council Committees

The following schedule depicts attendance of Councillors at meetings for the period 1 July 2011 to 30 June 2012.

Councillor	Council and Special Council	Executive Committee and Special Executive Committee	Finance and Administration	Community Services	Planning, Development and Infrastructure
Cllr KK Armugam	13 of 15		1 of 1		8 of 9
Cllr EV Baptie	15 of 15	11 of 11	9 of 9	9 of 9	
Cllr S Bhoola	14 of 15			8 of 9	
Cllr DP Gambushe	14 of 15				
Cllr SSI Khwela	15 of 15	11 of 11	8 of 9		
Cllr MN Maphumulo	15 of 15			8 of 9	
Cllr GN Mbambo	13 of 15		7 of 9		
Cllr SD Mdluli	15 of 15				9 of 9
*Cllr RJW Meyer	11 of 15		7 of 9		
Cllr MD Moodley	9 of 15			4 of 9	
Cllr BM Mthethwa	15 of 15			5 of 9	
Cllr BJ Mtolo	15 of 15				
Cllr LN Myende	15 of 15			7 of 9	
Cllr P Naidoo	15 of 15	11 of 11	9 of 9		9 of 9
Cllr JM Ndlela	14 of 15				8 of 9
Cllr TH Ngcobo	13 of 15		5 of 9		6 of 9
Cllr GH Nyuswa	10 of 15		5 of 9		
*Cllr S Sookhraj	1 of 1				
Cllr MO Zama	14 of 15	11 of 11		7 of 9	9 of 9
Cllr TH Zondi	13 of 15				4 of 9

**Cllr RJW Meyer resigned effective, 2 May 2012*

**Cllr S Sookhraj was appointed at the June 2012 Council Meeting. She became a member of the Finance and Administration Committee effective, 9 July 2012*

Executive Committee meetings

The Executive Committee meets once on a monthly basis. and the meetings are open to the public. His Worship the Mayor: Cllr SSI Khwela is the Chairperson of the Executive Committee (EXCO), the Committee comprises the following Councillors:

Deputy Mayor: Cllr MO Zama

Cllr EV Baptie

The Speaker, Cllr P Naidoo, is an ex-officio member.

Municipal Oversight Committees

The Umdoni Municipal Council is supported by a committee system of Portfolio Committees. The Municipality has three Portfolio Committees, namely Community Services, Planning Development & Infrastructure and the Finance & Administration Committee. These Committees meet once per month and make recommendations to the Executive Committee which subsequently must forward these reports together with its recommendations to the Council Committee.

Community Services Committee

The Community Services Committee advises and recommends to EXCO in respect of the following: Clinics, libraries, beaches, housing, protection services, community facilities, traffic and special programmes.

Members: Cllr EV Baptie (Chairman)
Cllr MN Maphumulo
Cllr MD Moodley
Cllr BM Mthethwa
Cllr LN Myende
Cllr MO Zama
Cllr S Bhoola

COUNCILLOR	TOTAL NUMBER OF MEETINGS: 9	% ATTENDANCE
Cllr EV Baptie	9 of 9	100%
Cllr S Bhoola	8 of 9	88%
Cllr MN Maphumulo	8 of 9	88%
Cllr MD Moodley	4 of 9	44%
Cllr BM Mthethwa	5 of 9	55%
Cllr LN Myende	7 of 9	78%
Cllr MO Zama	7 of 9	78%

Planning, Development and Infrastructure Committee

The Planning, Development & Infrastructure Committee advises and recommends to EXCO in respect of the following:

PLANNING: Town Planning and Development Planning, Building Control and Planning;

DEVELOPMENT: IDP (Monitoring, evaluation, amendment and review); and Local Economic Development.

INFRASTRUCTURE: Roads, Storm-water, Parks & Gardens, Maintenance & Building Maintenance, Refuse Collection and Landfill Site.

Members:

- Cllr MO Zama (Chairman)
- Cllr P Naidoo
- Cllr TH Ngcobo
- Cllr TH Zondi
- Cllr KK Armugam
- Cllr SD Mdluli
- Cllr JM Ndlela

COUNCILLOR	TOTAL NUMBER OF MEETINGS: 9	% ATTENDANCE
Cllr KK Armugam	8 of 9	88%
Cllr SD Mdluli	9 of 9	100%
Cllr P Naidoo	9 of 9	100%
Cllr JM Ndlela	8 of 9	88%
Cllr TH Ngcobo	6 of 9	67%
Cllr MO Zama	9 of 9	100%
Cllr TH Zondi	4 of 9	44%

Finance and Administration Committee

The Finance & Administration Committee advises and recommends to EXCO in respect of the following:

FINANCE: Financial planning, financial policies, financial management and financial reports.

ADMINISTRATION: By-laws, regulations and associated procedures, leasing, letting and hiring, information technology, legal services, secretariat, municipal offices and accommodation, records systems and Human Resources.

ANNUAL REPORT 2011–2012

By 2020, Umdoni will be the JEWEL of the South Coast.

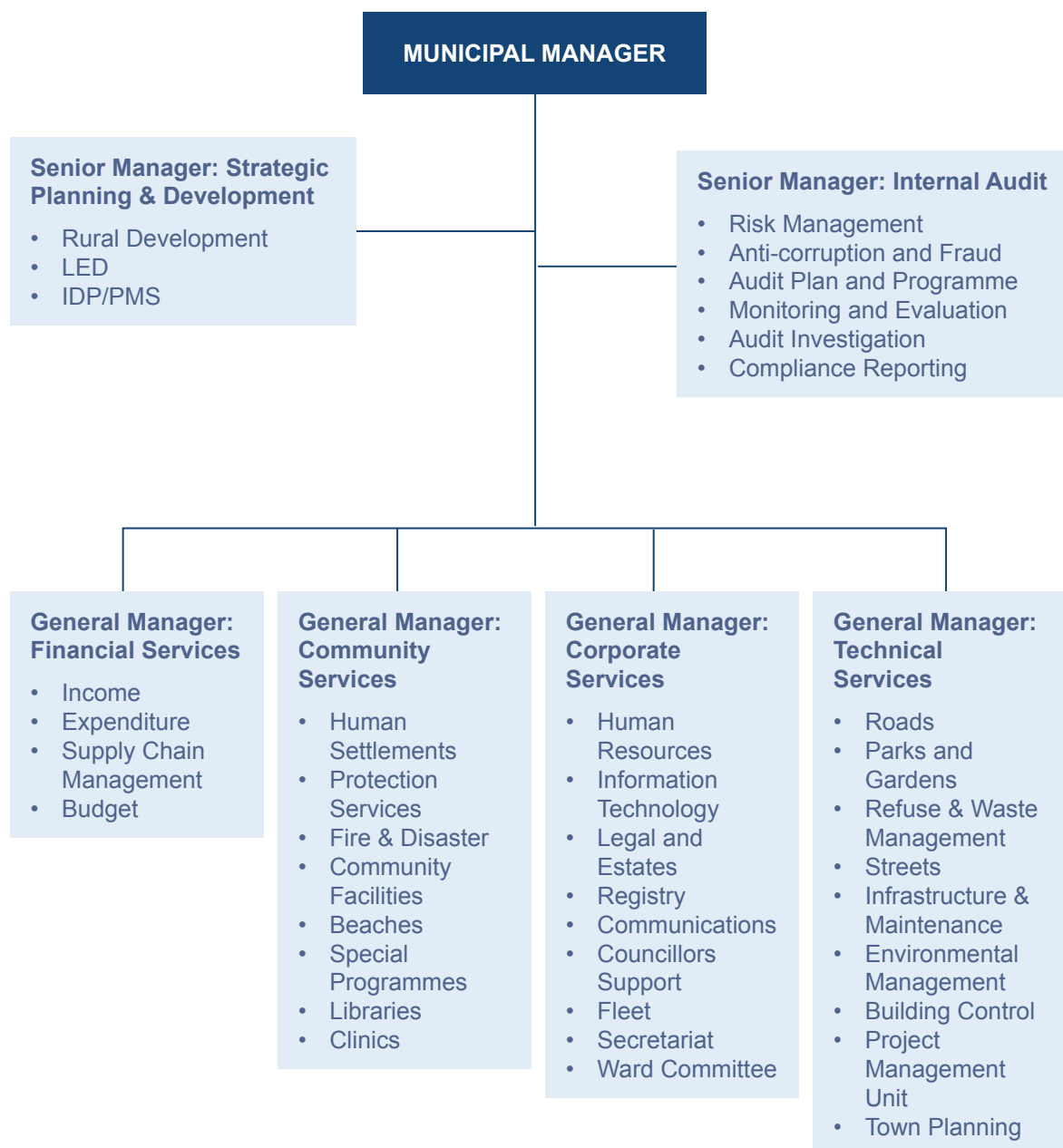
Members: Cllr SSI Khwela (Chairman)
Cllr P Naidoo
Cllr TH Ngcobo
Cllr GH Nyuswa
Cllr EV Baptie
Cllr RJW Meyer (Resigned in May 2012)
Cllr GN Mbambo
Cllr KK Armugam replaced Cllr Meyer in 1 meeting whereafter Cllr Sookhraj was appointed

COUNCILLOR	TOTAL NUMBER OF MEETINGS	% ATTENDANCE
Cllr KK Armugam	1 of 1	100%
Cllr EV Baptie	9 of 9	100%
Cllr SSI Khwela	8 of 9	90 %
Cllr RJW Meyer	7 of 7	100%
Cllr GN Mbambo	7 of 9	78%
Cllr P Naidoo	9 of 9	100%
Cllr TH Ngcobo	5 of 9	55%
Cllr GH Nyuswa	5 of 9	55%

APPENDIX C: Third Tier Administrative Structure

Organisational Structure

The following organizational structure was approved by Council in October 2010:



APPENDIX D:

Functions Of Municipality/Entity – Shares Services

The powers and functions of local government (both District and Local Municipalities) are reflected in the list that follows. This is based on the provisions of the Municipal Structures Act 117 of 1998 (as amended) and the Municipal Demarcation Board. It must be noted that the allocation of powers and functions does not include the adjustments by the MEC following the recommendations of the Municipal Demarcations Board.

1. Air Pollution	✓	
2. Building Regulations	✓	
3. Child Care Facilities	✓	
4. Electricity Reticulation		✓
5. Fire Fighting Services	Shared	Shared
6. Local Tourism	Shared	Shared
7. Municipal Airports	Shared	Shared
8. Municipal Health Services		✓
9. Municipal Public Transport		
10. Pontoons, Ferries, Jetties, Piers and Harbours	✓	
11. Storm Water Management Systems in Built up Areas	✓	
12. Trading Regulations	✓	
13. Potable Water		✓
14. Sanitation		✓
15. Billboards and the Display of Advertisements in Public Places	✓	
16. Cemeteries, Funeral Parlours and Crematoria	Shared	Shared
17. Cleansing	✓	
18. Control of Public Nuisances	✓	
19. Control of Undertakings that Sell Liquor to the Public	✓	
20. Facilities for the Accommodation, Care and Burial of Animals	✓	
21. Fencing and Fences	✓	
22. Licensing of Dogs	✓	
23. Licensing and Control of Undertakings that sell food to the public	✓	
24. Local Amenities	✓	
25. Local Sport Facilities	✓	
26. Markets	Shared	Shared
27. Municipal Abattoirs	Shared	Shared
28. Municipal Parks and Recreation	✓	
29. Municipal Roads	Shared	Shared
30. Noise Pollution	✓	

ANNUAL REPORT 2011–2012

Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

31. Pounds	✓	
32. Public Places	✓	
33. Refuse Removal, Refuse Dumps and Solid Waste	Shared	Shared
34. Street Trading	✓	
35. Street Lighting	✓	

Fire and Disaster Management

Operations: July 2011 – June 2012

TYPE OF ACCIDENT	UMDONI MUNICIPALITY	UMZUMBE MUNICIPALITY	VULAMEHLO MUNICIPALITY	TOTAL
Dump fires	29	Nil	Nil	29
Bush fires	179	102	86	367
Vehicle fires	9	3	1	13
Aircraft crash	Nil	Nil	Nil	Nil
Aircraft emergency landing	Nil	Nil	Nil	Nil
Electrical fires	18	6	2	26
Structural fires	97	39	21	157
Trees across roads	48	9	14	71
Special service	24	10	11	45
False alarm (good intent)	6	12	2	20
Garden refuse	156	Nil	Nil	156
Chemical fires-spills	5	Nil	Nil	5
Floods	2	1	1	4
Medical rescue	5	3	1	9
Motor vehicle accidents	94	18	12	124
Hazmat (specify)	14	Nil	Nil	14
TYPE OF ACCIDENT	UMDONI MUNICIPALITY	UMZUMBE MUNICIPALITY	VULAMEHLO MUNICIPALITY	TOTAL
Assisted Umzumbé/Vulamehlo Municipality	19 School awareness and 167 hours internal fire training full time fire fighters and 157 volunteers training.	4 School awareness	3 School awareness	26 School awareness conducted. Total of 167 hours internal training and 157 total of volunteers/reservist training.
Disaster related incident	58 blankets, 14 tents, and 9 plastic sheets	132 blankets, 13 tents, and 24 plastic sheets	32 blankets, 8 tents, and 4 plastics sheets	222 blankets, 35 tents, and 37 plastic sheets
Totals	686	203	151	1040

APPENDIX E:

Ward Reporting – Ward Committees

Section 152 of the Constitution places the participation of communities at the centre of service delivery and other matters of Local Government, the Municipal Structures Act, and (Act 117 of 1998). Municipal Systems Act, (Act 32 of 2000) provides the legislative framework for the establishment of Ward Committees within the municipality and its area of jurisdiction. Ward Committees were introduced in municipalities as community structures to play a critical role in linking and informing the municipality about the needs, potentials and challenges of the communities.

Establishment of Ward Committees

Notice was given in terms of Chapter 4 of the Local Government Municipal Systems Act 32 of 2000 and Part 4 of Chapter 4 of the Municipal Structures Act. Act 117 of 1998 for the established of Ward Committees in all Wards that fall within the jurisdiction of Umdoni. A Ward Committee was established for each Ward in the Municipality. Umdoni is sub-divided into ten Wards comprising of Rural and Urban components.

To enable Ward Committees to perform their functions and exercise their powers effectively, a fully equipped office was allocated for the Ward Secretariat to perform his/her duties. The provision of these facilities are to ensure that the Ward Committee's duties are performed in an efficient and effective manner. A Ward Committee Official is available at the office to offer support and assist administratively were necessary.

Composition of Ward Committees

A Ward Committee consists of the Councillor representing that Ward in the Council, who must also be the Chairperson of the Committee; and not more than 10 other persons.

When electing members the following is taken into account as follows:-

- a) Women must be equitably represented in a Ward Committee
- b) Diversity of interests in the Ward to be represented
- c) Gender equity may be pursued by ensuring an even spread of men and women on a Ward Committee.

Frequency of Ward Committee Meetings

In accordance with the Ward Committee Policy Ward Committees must meet at least once every quarter. Extra-ordinary meetings may be convened as and when the Committee deems it necessary. An annual schedule of meetings are circulated to all Ward Committees in preparation for forthcoming meetings. Due to the Local Government Elections that took place in the first quarter, no meetings were convened during this period. The schedule below depicts meetings that were convened from October 2011-June 2012.

Meetings Convened in the Financial Year 2011-2012 (Excluding July-Sept)

WARD	COUNCILLOR	TOTAL NUMBER OF MEETINGS
1	M N Maphumulo	1/4
2	B M Mthethwa	2/4
3	S Bhoola	2/4
4	M O Zama	2/4
5	SSI Khwela	1/4
6	T H Ngcobo	2/4
7	G H Nyuswa	3/4
8	B J Mtolo	3/4
9	L N Myende	3/4
10	K Armugam	3/4

Capacity Building and Skills Development

The Ward Committee structures accommodates for training/workshops to enhance participatory democracy in local government. The main objective of the Workshops is to capacitate Ward Committees in understanding their roles and responsibilities in the municipality.

The following activities took place (Workshops/Trainings) during the financial year 2011/12:-

1. Ward Committee Municipal Launch
2. Ward Committee Policy Workshop
3. Ward Committee Councillors and Secretaries Workshop
4. IDP Workshops
5. Ward Committee Induction Workshop

Stipend: Secretariat and Ward Committee Members

No remuneration is payable to Ward Committees, the Policy makes financial provisions for out of pocket expenses which is payable from the budget of the municipality to members of Ward Committees in respect of participation by Ward Members in the activities of the Ward Committees.

A total provision of R115, 000.00 was made available from the MSIG funding for the functioning of Ward Committees. Council resolved that an amount of R250.00 be payable to Ward Members for attendance of Ward Committee meetings and R750.00 to the secretariat for administrative duties.

Challenges

Ward Committees increase the participation of local residents in municipal decision-making as they are a direct link to the council. Some of the challenges that were identified in the rural areas are as follows: housing, water, sanitation and electricity. Despite the numerous challenges encountered in certain Wards, Ward Committees is in its initial stages and requires a great deal of capacity building.



APPENDIX F:

Ward Information and Projects

WARD	COUNCILLOR	AREA
1	Cllr MM Maphumulo	Amahlongwa
2	Cllr BM Mthethwa	eNkulu Traditional Authority, Olwasini and uMgwempisi
3	Cllr S Bhoola	Ghandinagar and lower Umzinto
4	Cllr MO Zama	Gugulesizwe, Farmland and Scottburgh-South
5	Cllr SSI Khwela	Freeland Park, Scottburgh Central and Amandawe
6	Cllr TH Ngcobo	Umzinto Central and Hazelwood
7	Cllr GH Nyuswa	Ifafa and uMthwalume
8	Cllr BJ Mtolo	Bhudubhudu, Vusizwe and Zamani
9	Cllr LN Myende	Mafithini and Mangamanzini
10	Cllr KK Armugam	Park Rynie and Pennington

Capital Projects, including Municipal Infrastructure Grant Projects

Umdoni Municipality has yet again been extremely successful at spending its full Municipal Infrastructure Grant allocation.

PROJECT NAME	PROJECT VALUE
Umzinto Sportsfield	R 4 300 000.00
Construction of Gqolweni Road in Amandawe	R 8 100 000.00
Upgrade of D153 in Umzinto	R 12 000 000.00

Capital Projects

Progress Report – Municipal Infrastructure Grant

Construction of Umzinto Sportsfield

Construction of the Umzinto Sports Field commenced on 24 January 2012. The project scope is the upgrade of the existing ablution block to contain: 2 changerooms with shower facilities, public toilets, toilets for disabled persons, ticket vendor, storeroom, offices, conference room and a viewing theater. The construction of a concrete seating pavilion and asphalted combination courts for basketball, netball and volleyball is also part of the scope of works. It is envisaged that the Umzinto Sports Field will become the central stadium for all major sporting events within Umdoni Municipality.

Construction of Gqolweni Road in Amandawe

The construction of Gqolweni Road with a bridge across the Amahlongwa River will link the communities of Amandawe and Amahlongwa. The entire project is a multi-year project with two phases. Phase 1 being the construction of the roads in Amandawe and Amahlongwa commenced on 20 January 2012.

The project scope is the formalization of 8 gravel roads in Amahlongwa and the extension of Gqolweni Road to the bridge at the Amahlongwa River. Mkhize Road in Amandawe will be extended to the bridge at the Amahlongwa River.

Phase 2 is the construction of the bridge which will commence in April 2013.



Upgrade of D153 Road In Umzinto

Umdoni Municipality is currently undertaking the new township development in Farm Isonti called the Umzinto Slums Clearance Project. The D 153 would be the main access route through the development and is being upgrade from gravel to asphalt. The project scope is the asphaltting of 5km of road with all the necessary storm water facilities like



concrete “V” drains, pipe crossings, manholes and all road furniture with applicable signage. This road will support vehicular traffic including buses and taxis.

Progress Report – Internal Funding

Mkakwa Cele Community Hall

The Mkakwa Cele Community Hall has been completed and was officially opened on 15 November 2012 by the MEC of Housing and Public Works, R R Pillay. The hall is 468m² in extent with an Entrance Porch, Raised Stage with Changerooms, Male and Female Ablutions, Kitchen, Enclosed Courtyard, Asphalted Parking Area, Concrete Palisade Fencing and External Lighting.

The total construction value inclusive of VAT is R5,241,068.00

Dr John Langalibalele Dube Centre In Umzinto

The office block has been completed and was officially opened on 5 October 2012 by the MEC of Social Development, Weziwe Thusi. The total extent of the double storey office block is 1141m² and will comprise of Entrance Porch, Entrance Foyer, Open Plan Offices, Individual Offices, Sick Bay, Staff Ablutions, Public Ablutions, Lock up Garages, Asphalted Driveway and Landscape Gardens. The Department of Social Services now occupies the building providing services to all.

The total construction value inclusive of VAT is R11,250,500.00.

APPENDIX G:

Recommendations of the Municipal Audit Committee

PLAN OF CORRECTIVE MEASURES: FINAL (DRAFT) AUDIT REPORT: FY 2011-12

Plan of corrective measures: - Respective departments to address findings raised by the A-G in the Audit Report (Final Draft):- 2011/2012 FINANCIAL YEAR

REGULARITY AUDIT						
CATEGORY	REF	FINDINGS	ACTION PLAN	HOD RESP.	COMMENCE- MENT DATE	COMPLETION DATE
Unauthorised Expenditure	9	As disclosed in note 35.1 to the financial statements, unauthorised expenditure of R9, 5 million was incurred as a result of expenditure exceeding the approved budget for operating expenditure.	This relates to non-cash transactions which were recognised at year end in terms of GRAP, eg, depreciation, actuarial gains/losses, etc. i.e. There was no cash outflow from the municipality. Notwithstanding the above as well as the surplus which exceeded budget by R 33 Mil, the disclosure of unauthorised expenditure was required. This disclosure has been effected.	GM:FS	Quarterly	30 June 2013
Budgets	31	The municipality incurred expenditure in excess of the limits provided for in the votes in the approved budget, in contravention of section 15 of the MFMA.	As Detailed Above	All HoD's	Quarterly	30 June 2013
Procurement and Contract Management	33	Awards were made to service providers who are persons in the service of other state institutions or whose directors/principal shareholders are persons in service of other state institutions, in contravention of SCM regulations 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).	The amount of R 15 839 which was identified by the AG, was as a result of a payment of an on-going order from the previous financial year. This payment occurred prior to the AG identifying and informing management of this matter in the 11/12 Financial Year. Further, the supplier contends that they are not in the service of the state. The municipality does not have access to identify if personnel are employed in the service of the state. A decision regarding the suppliers identified as "in the service of the state" during the 11/12 FY will be required to be taken at the next Management Workshop and thereafter confirmed via a council resolution so this does not pose a risk during the next years audit.	GM:FS	January 2013	Ongoing

REGULARITY AUDIT						
CATEGORY	REF	FINDINGS	ACTION PLAN	HOD RESP.	COMMENCEMENT DATE	COMPLETION DATE
Expenditure Management	34	The accounting officer did not take reasonable steps to prevent unauthorised expenditure, as required by section 62(1) (d) of the MFMA.	As per ref 9 & 31 above.	All HoD's	Quarterly	30 June 2013
Leadership	36	The accounting officer did not adequately exercise oversight responsibility over the compliance with laws and regulations relating to procurement and contract management, reported performance information and review of annual financial statements.	As per 33 above.	All HoD's	January 2013	Ongoing
Financial Management	37	Systems and controls were not designed in a manner to prevent, detect and address risks that impact on financial, performance and compliance reporting. In this regard, the accounting officer did not ensure that regular, accurate and complete financial reports were prepared, supported and were evidenced by reliable information. This resulted in material corrections in the financial statements.	The corrections which arose were as a result of technical differences with the AG. These matters were namely : Prior Year Recognition of Assets & Disclosure of Unauthorised Expenditure These have subsequently been corrected and given the nature of the technical interpretations and the nature of the transaction, are not likely to re-occur.	GM:FS	Completed	

PERFORMANCE AUDIT						
CATEGORY	REF	FINDINGS	ACTION PLAN	HOD RESP.	COMMENCE- MENT DATE	COMPLETION DATE
Usefulness of Information - Consistency	19	Section 41(c) of the MSA requires that the integrated development plan/ service delivery budget implementation plan should form the basis for the annual performance report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 51% of objectives, 100% of indicators and 27% of targets reported in the annual performance report were inconsistent with the objectives/ indicators/targets as per the approved annual performance plan. The root cause of the inconsistency is that the performance manager did not review the report before submission.	2012/2013 SDBIP has been revised and approved by council at its meeting held on 12 December 2012 and made public	General Manager Planning & Dev.: Mrs Canesia Vezi	December 2012	December 2012
Usefulness of Information - Measurability	20	The FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 39% of the targets were not specific in clearly identifying the nature and the required level of performance. This was because management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.	2012/2013 SDBIP has been revised and approved by council at its meeting held on 12 December 2012 and made public. The revised SDBIP has been amended in order to be aligned with the SMART principle	General Manager Planning & Dev.: Mrs Canesia Vezi	September 2012	June 2013
Usefulness of Information - Measurability	21	The FMPPI requires that performance targets be measurable. The required performance could not be measured for a total 59% of the targets. This was because management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.	2012/2013 SDBIP has been revised and approved by council at its meeting held on 12 December 2012 and made public The revised SDBIP has been amended in order to be aligned with the SMART principle	General Manager Planning & Dev.: Mrs Canesia Vezi	September 2012	June 2013
Usefulness of Information - Measurability	22	The FMPPI requires that the time period or deadline for delivery be specified. A total of 46% of the targets were not time bound in specifying a time period or deadline for delivery. This was because management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.	2012/2013 SDBIP has been revised and approved by council at its meeting held on 12 December 2012 and made public The revised SDBIP has been amended in order to be aligned with the SMART principle	General Manager Planning & Dev.: Mrs Canesia Vezi	September 2012	June 2013

PERFORMANCE AUDIT						
CATEGORY	REF	FINDINGS	ACTION PLAN	HOD RESP.	COMMENCE- MENT DATE	COMPLETION DATE
Usefulness of Information - Measurability	23	The FMPPI requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 29% of the indicators/measures were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was because management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.	2012/2013 SDBIP has been revised and approved by council at its meeting held on 12 December 2012 and made public The revised SDBIP has been amended in order to be aligned with the SMART principle	General Manager Planning & Development: Mrs Canesia Vezi	September 2012	June 2013
Usefulness of Information - Measurability	24	The FMPPI requires that it must be possible to validate the processes and systems that produce the indicator. A total of 54% of the indicators/measures were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the lack of key controls in the relevant systems of collection and verification of actual performance information.	The action plan with time frames has been developed and forwarded to all the Heads of Departments to ensure that documents are submitted in time in order to give the internal audit unit sufficient time to verify the information provided against the set objectives The 2012/2013 SDBIP has an additional column which indicates the means of verification of each KPI that has been reported. The means of verification assist the HODs in the compilation of the portfolio of evidence.	General Manager Planning & Development: Mrs Canesia Vezi	September 2012	June 2013

PERFORMANCE AUDIT						
CATEGORY	REF	FINDINGS	ACTION PLAN	HOD RESP.	COMMENCE- MENT DATE	COMPLETION DATE
Usefulness of Information - Reliability	25	The FMPPI requires that processes and systems which produce the indicator should be verifiable. A total of 85% of the actual reported performance relevant to the selected basic service delivery and infrastructure objectives differed materially when compared to the source information and/or evidence provided. This was due to a lack of standard operating procedures for the recording of actual achievements.	<p>The action plan with time frames has been developed and forwarded to all the Heads of Departments to ensure that documents are submitted in time in order to give the internal audit unit sufficient time to verify the information provided against the SDBIP</p> <p>The 2012/2013 SDBIP has an additional column which indicates the means of verification of each KPI that has been reported. The means of verification assist the HODs in the compilation of the portfolio of evidence.</p>	General Manager Planning & Dev.: Mrs Canesia Vezi	September 2012	September 2012
Usefulness of Information – Reliability	26	The FMPPI requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. A total of 85% of the actual reported performance relevant to basic service delivery and infrastructure objectives was not accurate when compared to source information. This was due to a lack of standard operating procedures for the recording of actual achievements.	<p>Management have been workshopped on Performance Management System and a new reporting template has been developed and circulated to all Departments.</p>	General Manager Planning & Dev.: Mrs Canesia Vezi	September 2012	September 2012

PERFORMANCE AUDIT

CATEGORY	REF	FINDINGS	ACTION PLAN	HOD RESP.	COMMENCE- MENT DATE	COMPLETION DATE
Usefulness of Information - Reliability	27	The FMPI requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. Source information for 85% of the actual reported performance for the selected basic service delivery and infrastructure objectives was not completely recorded. This was due to a lack of document management system with regard to actual performance achievements.	The action plan with time frames has been developed and forwarded to all the Heads of Departments to ensure that documents are submitted in time in order to give the internal audit unit sufficient time to verify the information provided against the set objectives The 2012/2013 SDBIP has an additional column which indicates the means of verification of each KPI that has been reported. The means of verification assist the HODs in the compilation of the portfolio of evidence.	General Manager Planning & Dev.: Mrs Canesia Vezi	September 2012	June 2013
Achievement of Planned Targets	29	Of the total number of planned targets, 35 were not achieved during the year under review. This represents 31% of total planned targets that were not achieved during the year under review. This was mainly because indicators and targets were not suitably developed during the strategic planning process.	The 2012/2013 SDBIP has been revised to adhere to the SMART principles and have been adopted by Council at its meeting held on 12 December 2012.	General Manager Planning & Dev.: Mrs Canesia Vezi	September 2012	June 2013
Performance Management	37	Systems and controls were not designed in a manner to prevent, detect and address risks that impact on financial, performance and compliance reporting. In this regard, the accounting officer did not ensure that regular, accurate and complete performance reports were prepared, supported and were evidenced by reliable information. This resulted in material corrections in the annual performance report.	Management has to collectively put a reporting model in place and all middle managers will be workshopped in Performance Management especially reporting.	General Manager Planning & Dev. Mrs Canesia Vezi & All HoDs	Immediately	30 June 2013

APPENDIX H:

Long-Term Contracts And Public Private Partnership

The Municipality currently has no long-term contracts or Public Private Partnerships, for the year under review.

APPENDIX I:

Municipal Entity/Service Provider Performance Schedule

In an effort to ensure that optimal service provider performance is obtained Council has adopted a policy on the blacklisting of service providers.

This policy further provides mechanisms to ensure the service providers who require additional assistance in completing their obligations are granted such assistance without being discriminated against.

To ensure that no bias may occur in the blacklisting of service providers, this may only be completed via a Council Resolution.

For the year under review no service providers were blacklisted or placed under review.

APPENDIX J:

Disclosure of Financial Interest – Municipal Manager and HODs

NAME	Designation	Received Yes/No	Anything Declared by Member of Staff	Matter Disclosed	Date on which Forms Recieved
Naidoo DD	Municipal Manager	Yes	Yes	1. Personal Membership of SAK Investments & PICRORITE Investments	31/10/2011
Chetty S	General Manager: Technical Services	Yes	Yes	1. Personal Membership – Company – Scottburgh Stationers & Something Spicy 2. Engaged in Private Business: Scottburgh Stationers / Something Spicy	22/11/2011
Nunkumar A	General Manager: Financial Services	Yes	No	NIL	23/11/2011
Dludla SG	General Manager: Corporate Services	Yes	Yes	Personal Membership of Actibas 369 cc, AmaDludla Trading cc	17/05/2012
Luthuli XS	General Manager: Community Services	Yes	No	Nil	23/11/2011

APPENDIX K: Revenue Collection (by Vote & Source)

CONSOLIDATED CATEGORY	NET RAISING	NET PAID	% COMPLETION
Rates	35,484,560	35,506,678	100%
Refuse	4,768,031	5,233,509	110%
Sundry	5,799,573	3,731,185	64%
Clinic Services	2,762,855	1,802,582	65%
Payments in Advance	18,967,093	18,545,240	98%
TOTAL	67,782,111	64,819,193	96%

APPENDIX L:

Conditional Grants Received Excluding MIG

NAME OF GRANTS	Name of Organ of State or Municipal Entity	Sphere	RECEIPTS				
			Total 01.07.2011	July to Sept		Oct to Dec	Jan to Mar
				1	2		
Environmental Management Practice	KZN Agric & Environmental Affairs	Provincial	-147,771	(100,000)			4
Scottburgh Library Internet	KZN Library Services	Provincial	-14,868	(96,000)			
SETA	Local Government Seta	Provincial	-12,541	(112,844)	(56,160)	(107,725)	(58,601)
Finance Management Grant	National Treasury	National	-520,775	(1,450,000)			
MSIG	National Treasury	National	-73,601	(790,000)			
Malangeni Library - Cybercadet	KZN Library Services	Provincial	1,628	(90,000)			
Umzinto Library - Internet and Cybernet	KZN Library Services	Provincial	-	(85,000)			
Library Services	KZN Library Services	Provincial	-	(1,866,720)			
Fresh Produce Market		Provincial	-		(580,000)		
Park Rynie Industrial Park		Provincial	-		(8,000,000)		
Thusong Centre		Provincial	-	-500,000			
			-114,134,827	(17,254,564)	(8,636,160)	(971,725)	(84,312)

APPENDIX M:

Capital Expenditure Including MIG (New Assets Programme and Upgrade or Renewal Programme)

VOTE NUMBER	VOTE DESCRIPTION	EXPENDITURE AS AT 30 JUNE 2012	NEW/RENEWAL
DEPARTMENT: COUNCIL GENERAL			
VOTE 120: COUNCIL ADMINISTRATION			
3 120 2175 1	18 LAPTOP's	106,400	New
TOTAL : COUNCIL ADMINISTRATION		106,400	
TOTAL : COUNCIL GENERAL		106,400	
DEPARTMENT: CORPORATE SERVICES			
VOTE 360: ADMINISTRATION			
GENERAL ADMINISTRATION			
3 360 1970 1	Airconditioner	3,469	New
3 310 1939 1	Burglar bars	39,500	Upgrade
3 360 2132 1	Office Furniture	25,370	New
3 360 2175 1	LAPTOP	11,501	New
3 360 3430 1	MOTOR VEHICLE	127,562	New
TOTAL : ADMINISTRATION		207,402	
TOTAL: CORPORATE SERVICES		207,402	
DEPARTMENT: TECHNICAL SERVICES			
VOT3 300: BUILDING CONTROL			
3 300 1752 1	Computer + Printer	16,172	New
3 300 1971 1	Filing Cabinet	10,150	New
3 300 2132 1	Office Furniture	7,191	New
TOTAL : BUILDING CONTROL		33,514	

VOTE NUMBER	VOTE DESCRIPTION	EXPENDITURE AS AT 30 JUNE 2012	NEW/RENEWAL
VOTE 400: WORKSHOP			
3 400 1971 1	Filing Cabinet	1,449	New
3 400 2132 1	Office Furniture	1,975	New
TOTAL : WORKSHOP		3,424	
VOTE : PROJECT MANAGEMENT UNIT			
SPORTS & RECREATION			
3 500 1694 1	Ghandinagar Sportsfield -MIG	70,235	New
3 500 2263 1	Umzinto Sportsfield - Phase 2	1,445,269	New
TOTAL : SPORTS & RECREATION		1,515,504	
CEMETERIES			
3 500 2219 1	Humberdale Cemetery Phase 3	964,068	New
TOTAL : CEMETERIES		964,068	
ROADS			
3 510 2255 1	Gqolweni Road	5,836,673	New
3 520 2314 1	Upgrade Of D153 Umzinto	6,633,832	New
3 520 2316 1	Park Rynie Indus Park - Corr Dev	6,336,567	New
TOTAL : ROADS		18,807,073	
HALLS			
3 320 1901 1	Upgrade Hall	123,932	Renewal
3 320 2117 1	KwaCele Community Hall	3,998,985	New
TOTAL : HALLS		4,122,917	
TOTAL : PMU		25,409,561	

VOTE NUMBER	VOTE DESCRIPTION	EXPENDITURE AS AT 30 JUNE 2012	NEW/RENEWAL
VOTE 500: PARKS & GARDENS			
3 500 0231 1	BRUSHCUTTERS	25,200	New
3 500 0232 1	SLASHER DECKS	52,000	New
3 500 1752 1	Computer + Printer	8,709	New
3 500 2261 1	INDUSTRIAL BLOWER	10,400	New
3 500 2262 1	SILKY SAW	2,991	New
TOTAL : PARKS & GARDENS		99,300	
VOTE 510: ADMINISTRATION			
3 510 1669 1	New Deport (funded by sale of land)	1,322,122	New
3 510 1703 1	Long Wheelbase Bakkie	382,863	New
3 510 1948 1	Extension- Umzinto Offices	121,500	Renewal
3 510 2132 1	Office Furniture	8,301	New
3 510 2234 1	NEW OFFICE BLOCK	9,511,125	New
3 510 2264 1	STREET LIGHTS - RURAL	42,250	New
3 510 2317 1	PARK RYNIE OFFICE	665,721	Renewal
TOTAL : ADMINISTRATION		12,053,882	
VOTE 520: ROADS			
3 520 1672 1	TLB	583,000	New
3 520 1752 1	Computer + Printer	6,845	New
3 520 1985 1	Digital Camera	1,174	New
3 520 2132 1	Office Furniture	12,041	New
3 520 2248 1	ROLLBACK CRANE TRUCK	1,217,555	New
TOTAL : ROADS		1,820,615	

VOTE NUMBER	VOTE DESCRIPTION	EXPENDITURE AS AT 30 JUNE 2012	NEW/RENEWAL
VOTE 530: COUNCIL BUILDING MAINTENANCE			
3 530 2132 1	Office Furniture	4,350	New
3 530 2266 1	JETTER	144,920	New
3 530 2267 1	INDUSTRIAL GENERATOR	3,950	New
3 530 2269 1	INDUSTRIAL SKILL SAW	1,416	New
3 530 2270 1	INDUSTRIAL ANGLE GRINDER	947	New
3 530 2271 1	INDUSTRIAL DRILL	2,158	New
3 530 2272 1	ANGLE GRINDER	1,381	New
TOTAL : COUNCIL BUILDING MAINTENANCE		159,122	
VOTE 850: REFUSE			
3 850 1752 1	Computer + Printer	8,709	New
3 850 1856 1	Canopy	8,600	New
3 850 2132 1	Office Furniture	4,734	New
TOTAL : REFUSE		22,043	
VOTE 540: ENVIRONMENTAL MANAGEMENT			
3 540 1703 1	LWB Bakkie	164,238	New
3 540 2132 1	Office Furniture	3,098	New
3 540 2273 1	ARC VIEW (GIS SOFTWARE)	18,800	New
TOTAL : ENVIRONMENTAL MANAGEMENT		186,136	
VOTE 370: TOWN PLANNING			
3 370 1970 1	Airconditioner	3,469	New
3 370 2175 1	LAPTOP	11,350	New
TOTAL : TOWN PLANNING		14,819	

VOTE NUMBER	VOTE DESCRIPTION	EXPENDITURE AS AT 30 JUNE 2012	NEW/RENEWAL
VOTE 140: DISASTER REHABILITATION			
3 140 1987	Minerva Road	62,784	Renewal
3 140 1990	Dolphin Drive	80,454	Renewal
3 140 1991	Adrienne Avenue	57,762	Renewal
3 140 1993	Cherry Road	277,729	Renewal
3 140 2001	David Avenue	53,401	Renewal
3 140 2007	Marine Drive	141,968	Renewal
3 140 2010	TC Robertson	249,549	Renewal
3 140 2011	Adrienne Road	198,252	Renewal
3 140 2012	Park Rynie Beachfront Parking	52,103	Renewal
3 140 2013	Marine Drive South	3,516,831	Renewal
3 140 2015	Main Road to Park Rynie	88,782	Renewal
3 140 2016	Fourth Street	52,540	Renewal
3 140 2023	Wright lane	5,078	Renewal
3 140 2024	Lotus Park	13,172	Renewal
3 140 2025	Marine Drive North	66,000	Renewal
3 140 2028	Saville Road	149,910	Renewal
3 140 2030	Cowry Drive	10,727	Renewal
3 140 2033	Olive Road	79,529	Renewal
3 140 2034	Baker Street and Jacaranda Street	34,400	Renewal
3 140 2037	River Crossing near Spring Roa	34,299	Renewal
3 140 2038	Road to Club Marina	17,095	Renewal
3 140 2039	Gravel Road MR254	47,246	Renewal
3 140 2041	Reservoir Road	246,647	Renewal
3 140 2042	Colebrander Road	31,403	Renewal
3 140 2047	Ghandinagar	4,140,008	Renewal
3 140 2048	Malangeni Bongumsa Road	732,529	Renewal
3 140 2055	Malangeni 5	28,858	Renewal
3 140 2066	Malangeni 12	144,475	Renewal
3 140 2073	Malangeni Gumedde Road	523,661	Renewal

VOTE NUMBER	VOTE DESCRIPTION	EXPENDITURE AS AT 30 JUNE 2012	NEW/RENEWAL
3 140 2074	Malangeni Ward 8(2)	100,000	Renewal
3 140 2079	Malangeni - Ntuli Road	21,742	Renewal
3 140 2080	Malangeni- Gobhozi Road	2,407,507	Renewal
3 140 2082	UMZINTO GOLDEN VALE RD	1,333,367	Renewal
3 140 2083	Umzinto Lilly Road	2,650,437	Renewal
3 140 2084	Umzinto Monkey Road	1,546,985	Renewal
3 140 2085	Shayamoya Myeza Lane	5,900	Renewal
3 140 2086	Esperanza	1,844,345	Renewal
3 140 2089	Umzinto Alexandra Crescent	199,000	Renewal
3 140 2091	Umzinto Main Road	18,810	Renewal
3 140 2093	Rural Roads- Phase 1*	486,354	Renewal
3 140 2094	Umzinto CBD Upgrade	7,544,410	Renewal
3 140 2095	Rural Roads- Phase 3*	410,816	Renewal
3 140 2162	ROCKY BAY	38,377	Renewal
3 140 2163	RURAL ROADS 1B	91,641	Renewal
3 140 2164	RURAL ROADS 1C	1,966,049	Renewal
3 140 2165	RURAL ROADS 1D	6,243	Renewal
3 140 2231	BELIM HOUSE - UMZINTO	223,342	Renewal
3 140 2242	RURAL ROADS - TURNKEY	275,073	Renewal
TOTAL : DISASTER MANAGEMENT		32,307,590	
TOTAL : TECHNICAL SERVICES		72,110,004	

VOTE NUMBER	VOTE DESCRIPTION	EXPENDITURE AS AT 30 JUNE 2012	NEW/RENEWAL
DEPARTMENT: FINANCIAL SERVICES			
VOTE 200: ADMINISTRATION			
3 200 1930 1	Printer	1,300	New
3 200 1970 1	Airconditioner	4,503	New
3 200 2143 1	CHAIR	8,780	New
3 200 2145 1	Desktop Computers	41,280	New
3 200 2175 1	Laptop	10,102	New
3 200 2312 1	Fmg Capex	67,019	New
3 200 2313 1	Shredder	1,420	New
3 200 2315 1	Fridge	2,368	New
TOTAL : ADMINISTRATION			
		136,772	
TOTAL : FINANCIAL SERVICES			
		136,772	
DEPARTMENT: COMMUNITY SERVICES			
VOTE 150: LIBRARIES			
Ifafa Beach			
3 150 2281 1	Library Stools - Ifafa Lib	850	New
Shayamoya			
3 150 2277 1	Tiling - Shaymoya Lib	18,750	New
Pennington			
3 150 2276 1	DVD Display Shelf - Pen Lib	3,000	New
Scottburgh			
3 150 2274 1	Burglar Guards - Scottburgh Library	19,999	New
3 150 2275 1	Security Gates - Scott Lib	9,681	New
Sezela			
3 150 2278 1	Television - Sezela Lib	3,045	New
3 150 2279 1	Printer - Sezela Lib	856	New

VOTE NUMBER	VOTE DESCRIPTION	EXPENDITURE AS AT 30 JUNE 2012	NEW/RENEWAL
Park Rynie			
3 150 2280 1	Library Stools - Pr Lib	850	New
Malangeni			
3 150 2282 1	Computer + Printer - Malangeni Lib	8,492	New
3 150 2283 1	Library Stools - Malangeni Lib	850	New
3 150 2285 1	Counter Chair - Malangeni Lib	1,098	New
3 150 2318 1	DSTV Decoder	438	New
TOTAL : LIBRARIES		67,909	
VOTE 320: COMMUNITY FACILITIES			
HALLS			
Amandawe Community Hall			
3 320 2304 1	Chairs - Amandawe Hall	19,757	New
Amahlongwa Community Hall			
3 320 2305 1	Chairs - Amahlongwa Hall	19,757	New
Shayamoya Hall			
3 320 2296 1	Upgrade - Shayamoya Hall	97,175	New
Scottburgh Town Hall			
3 320 2246 1	Folding Chairs	173,995	New
3 320 2302 1	Industrial Dryers - Scott Hall	7,600	New
3 320 2303 1	Table Trolleys	5,346	New
Umzinto Town Hall			
3 320 2297 1	Stainless Steel Sink - Umzinto Hall	-	
Ghandinagar Hall/ Comm Center			
3 320 2298 1	Burglar Guards - Ghandi Comm	14,890	New
Sport Fields			
3 320 2299 1	Portable Sprinklers	13,744	New
3 320 2300 1	Upgrade-Power Supply Umz Spt Ablution		
3 320 2301 1	Upgrade - Kwa Cele Ablution Block	105,000	New

VOTE NUMBER	VOTE DESCRIPTION	EXPENDITURE AS AT 30 JUNE 2012	NEW/RENEWAL
Shayamoya Creche			
3 320 2295 1	Upgrade - Shayamoya Creche	115,868	New
Malangeni Thusong Centre			
3 320 2228 1	Folding Tables - Thusong Cen	3,720	New
Cemeteries			
3 320 1757 1	Brush Cutters	9,000	New
3 320 2306 1	Industrial Blower	2,800	New
332,090,741	Computer	11,210	New
TOTAL : COMMUNITY FACILITIES		599,863	
VOTE 420: MOTOR VEHICLE LICENSING			
3 420 1970 1	Airconditioner	6,950	New
3 420 2220 1	Dot Matrix Printer	856	New
VOTE 430: TRAFFIC/PROTECTION SERVICES			
3 430 1970 1	Airconditioner	6,950	New
3 430 2141 1	Counter Chair	2,460	New
3 430 2220 1	Dot Matrix Printer	3,666	New
3 430 2287 1	Play Detector - Vehicle Testing	108,400	New
3 430 2322 1	Motor Cycle Testing Equip	18,447	New
TOTAL : TRAFFIC /PROTECTION SERVICES		147,728	
VOTE 550: FIRE & RESCUE			
3 550 2288 1	Oxygen Generator	37,500	New
3 550 2289 1	Skid Unit	452,456	New
3 550 2290 1	Tanker - 6000 Lit	699,700	New
TOTAL : FIRE & RESCUE		1,189,656	

VOTE NUMBER	VOTE DESCRIPTION	EXPENDITURE AS AT 30 JUNE 2012	NEW/RENEWAL
VOTE 600: BEACHES			
3 600 1736 1	Burglar Gates	11,450	New
	Renovations	21,250	New
3 600 2180 1	Boom Gates	37,159	New
3 600 2291 1	Store Room/Cashier Office - Rocky Bay	41,602	New
3 600 2292 1	Store Room/Cashier Office Preston	59,102	New
3 600 2294 1	Eva Rescue Boards	13,772	New
3 600 2319 1	Penn Beach Ablution	19,780	New
3 600 2320 1	Camp Site Marking	80,927	New
TOTAL : BEACHES		285,042	
VOTE 830: ADMINISTRATION			
3 830 1859 1	White Notice Board	395	New
3 830 1970 1	Airconditioner	4,825	New
3 830 2145 1	Desktop Computers	9,606	New
3 830 2321 1	Flooring Pa:gmcs	9,956	New
TOTAL : ADMINISTRATION		24,782	
TOTAL : COMMUNITY SERVICES		2,314,980	
DEPARTMENT : STRATEGIC DEVELOPMENT			
VOTE 710: ADMINISTRATION			
3 710 1845 1	Laptop - Development	11,350	New
TOTAL : ADMINISTRATION		11,350	
TOTAL : STRATEGIC DEVELOPMENT		11,350	
TOTAL: CAPITAL EXP		74,886,909	

APPENDIX N:

Capital Programme: by Project and Ward – 2012/2013 Financial Year

VOTE NUMBER	VOTE DESCRIPTION
VOTE : PROJECT MANAGEMENT UNIT	
PROJECT MANAGEMENT UNIT	
3 320 2117 1	KwaCele Community Hall
3 510 1885 1	Bus Shelters
3 500 2263 1	Umzinto Sportsfield -MIG
3 510 2255 1	Gqolweni Road
3 510 2400 1	Gqolweni Bridge
3 520 2314 1	D 153
NEW VOTE	Shayamoya Sportsfield
NEW VOTE	Humberdale crematorium
VOTE 510: ADMINISTRATION	
3 510 1669 1	New Deport (funded by sale of land)
3 510 2234 1	NEW OFFICE BLOCK - SOCIAL SERVICES
VOTE 140: DISASTER REHABILITATION	
3 140 2013	Marine Drive South
3 140 2016	Fourth Street
3 140 2001	David Avenue
3 140 2018	Alkins, across Main Road to Barnet Road
3 140 2023	Wright lane
3 140 2030	Cowry Drive
3 140 2033	Olive Road
3 140 2038	Road to Club Marina
3 140 2042	Colebrander Road
3 140 2043	Yellow Bill Kite Lane
3 140 2047	Ghandinagar
3 140 2066	Malangeni 12
3 140 2080	Malangeni- Gobhozi Road
3 140 2082	UMZINTO GOLDEN VALE RD
31,402,086	Esperenza
3 140 2089	Umzinto Alexandra Crescent

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Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

VOTE NUMBER	VOTE DESCRIPTION
VOTE 320: COMMUNITY FACILITIES	
HALLS	
Scottburgh Town Hall	
3 320 2343 1	Single Gate - Court yard
3 320 2344 1	Double Expanding Style Gates x6
Amahlongwa Community Hall	
3 320 2345 1	40m Palisade Fencing
3 320 2346 1	Upgrade to outside Ablutions
Amandawe Community Hall	
3 320 2347 1	Upgrade to outside Ablutions
3 320 2348 1	Repairs to Parking Area
Kwa-Cele Community Hall	
3 320 2349 1	300x Black Plastic Chairs - look at current year
3 320 2107 1	20x Wooden Folding Tables
Umzinto Dinning Hall	
3 320 2350 1	1x Single Gate - Court Yard
Malangeni Thusong Centre	
3 320 1761 1	3x Double Door Security Gates
3 320 2352 1	Palisade Fencing
NEW	ENTRANCE GATE
Sport Fields	
3 320 2353 1	Palisade Fencing - Kwa-Cele
Cemeteries	
3 320 2354 1	Palisade Fencing - n Shayamoya
VOTE 600: BEACHES	
3 600 2368 1	Walkway P/R Beach
3 600 2369 1	Handicapped Facilities - R/Bay, Pennington
3 600 2370 1	Ramp onto Pennington Beach
3 600 2371 1	10m Wall Mtwalume Tidal Pool
FUNDING SOURCE:	
National Grant – MIG	
National Grant –Disaster	
Provincial Grant	
Ex Revenue	
Accum Funds	
Ext Loan	
TOTAL: FUNDING SOURCE	

APPENDIX O:

Backlogs in Service Delivery where other Spheres are Responsible

- Human Settlements – Challenges of Land Ownership and Contractor Performance
- Sanitation in the informal settlements
- Water during peak-season
- Road maintenance – Provincial roads – Major periodic maintenance required
- Electricity – Municipality is not an electricity authority – Eskom's function – Backlog of 9% and the challenge of illegal connections
- Communication breakdown with Eskom – energise & removal/replacement of electricity poles

APPENDIX P:

Declaration of loans and grants made by the Municipality

Other than discussed at Appendix L, the municipality did not disburse any loans or grants during the year under review.

APPENDIX Q:

Declaration of returns not made in due time under MFMA S71

S71 Returns are regularly prepared and submitted to National Treasury. For the period under review all returns have been submitted. The National Treasury Database (LG Database) that maintains a record of all returns submitted forwards regular updates on the status of returns. A blank report indicates that all returns have been submitted and successfully updated.

APPENDIX R:

Umdoni Municipality Overtime Policy & Procedure

1. PURPOSE

The purpose of this policy is to establish common uniform conditions for the calculation and remuneration of overtime worked by any employee.

2. DEFINITION

“Overtime means that portion of any period that an employee works for the Council during a working week or on a working day, as the cause may be, which exceeds the working hours as agreed by the Council and its employees from time to time: provided that it shall not include any period worked by an employee on a Sunday or a Public Holiday or during his free period of 24 hours unless such Sunday or Public Holiday is a normal working day for such employee”.

3. ABSTENTION

The application of working hours and the limitation of such hours to 40 hours per week is not applicable to senior management, security, traffic, fire and emergency services.

4. WORKING DAYS AND WORKING HOURS

All employees are required to work a 40 – hour week over a 5 or 6 day period. The normal hours of work are from 07h30 to 16h00, Monday to Friday, with half an hour for lunch. The Council may require any employee to work overtime. Should an employee be required to work overtime the following will apply:

- 4.1 An employee may not work more than ten hours overtime per week.
- 4.2 An employee may not work more than three hours overtime on any working day.

5. REMUNERATION

In accordance with the Basic Conditions of Employment Act 75 of 1997, all employees who work overtime are eligible to be remunerated for such overtime worked unless agreement is reached contrary to the above.

6. PAY FOR OVERTIME

- 6.1. If an employee works overtime the Council shall compensate such employee at **time** and a half (**1.5**) times the hourly wage in respect of the number of hours worked for week days and Saturdays. An employee shall be remunerated at **double** (**2.0**) the hourly wage in respect of hours worked on Sundays. This is per the Basic Conditions of Employment Act 75 of 1997.

- 6.2. The employer however may agree that an employee be granted special leave on full pay calculated at **time** and a half times the number of hours worked by the employee for week days and Saturdays and double the hourly wage in respect of hours worked on Sundays and Public Holidays.

In light of the above it is evident that other factors need to be considered with regard to the payment of overtime, namely financial restrictions on the part of the Employer. Therefore it is recommended that the following criteria be applied:

7. CRITERIA

- 7.1 Overtime not to be applicable to:

7.1.1 Senior managerial employees as defined in the BCEA

7.1.2 Employees working less than 24 hours per month

7.1.3 Employees earning in excess of R183 000.00 remuneration per annum as determined from time to time in terms of the Basic Conditions of Employment Act 75 of 1997.

7.2 Overtime be regulated and applicable as per Section 10 of the BCEA.

7.3 Overtime to be paid or if agreed to by the employee, time off to be granted to employees in terms of the BCEA.

7.4 Overtime to be approved in writing by the Municipal Manager or Managers reporting to the Municipal Manager prior to such overtime being worked.

7.5 Any municipality that wishes to pay overtime to employees earning in excess of the threshold of R183 000.00 per annum may apply to the KZN Division of SALGBC for exemption.

8. EMERGENCY WORK

8.1 An employee may be required to perform emergency work that cannot be performed during normal working hours.

8.1.1 The employees involved in the emergency work are not limited by the overtime restrictions as well as ordinary hour's limitations in terms of the BCEA.

8.1.2 Emergency personnel shall work a 45 hour working week.

8.1.3 That the matter be referred to Council to consider the remuneration in any form which is applicable at the time of application or consideration:

8.2 Permanent Employees (Earning Over the Threshold)

8.2.1 Permanent employees earning over the threshold shall be remunerated for overtime worked during cases of emergency at the discretion of Council. Council shall resolve on the appropriate maximum payment criteria.

8.3 Section 57

8.3.1 All section 57 employees shall be remunerated for overtime worked during cases of emergency at the discretion of Council subject to such clause... for which, “ he / she will not be additionally remunerated...” as contained within the respective contract of employment, being waived.

8.3.2 Council shall also resolve on the appropriate maximum payment criteria.

8.4 Fixed term contracts (1 year and over)

8.4.1 All fixed term contractual employees shall be remunerated for overtime worked during cases of emergency at the discretion of Council subject to the waiving of any clauses applicable to such contracts or package stipulating the non – additional remuneration, i.e. overtime.

8.4.2 Council shall resolve on the appropriate maximum payment criteria.

9. PROCEDURE

Should it become apparent that overtime is required in order for business objectives to be achieved the following needs to be adhered to:

9.1 Written request to the relevant Head of Department

9.2 Head of Department to recommend request

9.3 Manager: Financial Services to confirm is budget is available (if applicable)

9.4 Municipal Manager or is designated representative to approve overtime request prior to overtime work commencing except where in cases of emergency where approval will be signed post facto.

9.4.1 Municipal Manager / Mayor be delegated to authorize overtime in cases of emergency.

9.5 Payment: Overtime request form to be submitted together with Overtime schedule to the Payroll office for payment. All overtime schedules are to be submitted by the 10th of each month in order to be paid in the same month, otherwise payment shall be made the following month.

9.6 Leave: Overtime request form to be submitted together with Overtime Schedule to the Human Resources Department for recording on the Payroll System (VIP). A leave form is to be completed by an employee wishing to take time off in lieu of overtime worked. The leave form must reflect the period worked as overtime.

10. AMENDMENT

Umdoni Municipality reserves the right to amend the provisions of this policy as it may deem appropriate.

11. COMPLIANCE

Should any provisions of this policy be in conflict with existing or future legislation, the said legislation shall take precedence.

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By 2020, Umdoni will be the JEWEL of the South Coast.

VOLUME II: Annual Financial Statements



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STATEMENT OF FINANCIAL POSITION as at 30 June 2012

	Notes	2012 R	2011 R
NET ASSETS AND LIABILITIES			
Net assets			
Accumulated surplus	1/2	528,593,345	490,745,348
		528,593,345	490,745,348
Non-current liabilities			
Long term liabilities	3	22,988	947,340
Provision for Post retirement medical benefits	4	19,204,607	15,850,004
Provision for Long service awards	5	1,239,971	901,506
Provision for Refuse site rehabilitation	6	3,137,488	2,492,050
Provision for Staff Leave	13	5,293,673	4,899,541
		28,898,727	25,090,442
Current liabilities			
Current portion of long term liabilities	3	1,414,501	1,734,916
Current portion for liabilities for medical aid benefits	4	512,400	442,512
Current portion of liabilities for long service awards	5	131,148	191,432
Unspent conditional grants and receipts	9	74,154,162	114,200,199
Accounts Payable	8	31,293,955	30,865,582
Cash and cash equivalents	19	819,783	11,247,789
		108,325,949	158,682,430
TOTAL NET ASSETS AND LIABILITIES		665,818,021	674,518,220
ASSETS			
Non-current assets			
Property, plant and equipment	11,44	499,035,905	450,025,789
Investment Property	12	22,647,079	13,139,316
Investments	14		
		521,682,984	463,165,105

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Current assets

Inventory	15	66,192	74,907
Consumer receivables	16	32,232,951	28,078,968
Other receivables	17	33,510	54,851
VAT	18	5,667,223	13,658,934
Cash and cash equivalents	19	106,135,163	169,485,454

144,135,039	211,353,114
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TOTAL ASSETS

665,818,024	674,518,219
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STATEMENT OF FINANCIAL PERFORMANCE as at 30 June 2012

	Notes	Actual 2012 R	Actual 2011 R	Budget 2012 R	Budget 2011 R
REVENUE					
Revenue from Non Exchange Transactions					
Property rates	20	52,471,539	48,566,675	52,418,016	49,085,000
Property rates - penalties and collection charges		1,953,711	2,302,661	3,000,000	3,000,035
Fines		1,159,345	1,499,829	1,426,341	1,494,888
Licences and permits		5,677,587	5,237,907	6,266,301	5,907,830
Government grants and subsidies	22	83,280,025	183,044,382	41,436,701	148,273,104
Rental of facilities and equipment		4,581,771	4,159,745	4,484,369	4,090,623
Decrease in Refuse Site Provision	6	0	312,800	0	0
Decrease in Bad Debt Provision	16	0	224,445	0	0
Revenue from exchange transactions					
Service charges	21	6,470,180	7,195,761	7,113,000	8,260,069
Interest earned		7,709,598	13,385,013	3,409,100	4,444,950
Other income	23	7,720,207	5,664,592	4,698,894	3,931,374
TOTAL INCOME		171,023,963	271,593,810	124,252,722	228,487,873
EXPENDITURE					
Employee related costs	24	57,854,310	56,878,106	52,888,601	51,653,006
Remuneration of Councillors	25	5,070,394	4,573,485	5,112,692	4,573,485
Depreciation	43	14,600,189	10,641,369	14,134,396	122,381,019
Repairs and maintenance		7,821,492	7,062,972	8,460,686	7,265,499
Interest paid	26	91,786	102,662	145,759	224,000
Contracted services	29	12,182,496	11,118,821	12,353,115	11,042,447
General expenses	30	30,045,058	25,998,970	24,525,969	24,728,634
Contributions to Provisions	27	4,941,150	1,356,870	6,280,609	6,276,458
Contribution to Refuse site rehabilitation	6	645,438	0	350,000	342,000
TOTAL EXPENDITURE		133,252,313	117,733,255	124,251,827	228,486,548
SURPLUS FOR THE YEAR		37,771,650	153,860,555	895	1,325

STATEMENT OF CHANGES IN NET ASSETS as at 30 June 2012

	Accumulated surplus/ (deficit)
	R
2011	
Balance at 1 July 2010	295,258,062
Surplus for the year	193,627,876
Assets disposals related to housing operating account	-45,610,878
Revaluation of Assets	6,799,206
Initial Recognition of land	42,994,000
Prior year adjustments	-2,322,917
Balance at 30 June 2011	490,745,349
2012	
Surplus for the year	37,288,832
Assets disposals related to housing operating account	-960,229
Revaluation of Assets	658,384
Prior year adjustments	2,995
Transfers (write-offs) against appropriation	858,015
Balance at 30 June 2012	528,593,346

Detail on the movement of funds and reserves are set out in notes 1 and 2.

CASH FLOW STATEMENT as at 30 June 2012

	Notes	2012 R	2011 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from (utilised in) operations	31	15,460,863	10,033,426
Interest received		7,709,598	13,385,013
Interest paid		-91,786	-102,662
Net Cash from (utilised in) operating activities		23,078,675	23,315,777
CASH FLOWS FROM (UTILISED IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-74,855,115	-166,270,080
Proceeds on disposal of property, plant and equipment		98,920	0
CASH (UTILISED IN) GENERATED FROM INVESTING ACTIVITIES		-74,756,195	-166,270,080
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/ (repaid)		-1,244,767	-96,478
Net cash generated from / (utilised in) financing activities		-1,244,767	-96,478
NET INCREASE (DECREASE) IN CASH EQUIVALENTS		-52,922,287	-143,050,780
Cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	19	158,237,665	301,288,445
Cash and cash equivalents at the end of the year	19	105,315,380	158,237,665
		-52,922,285	-143,050,780

ACCOUNTING POLICIES for the year ended 30 June 2012

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in the applicable Directives issued by the Accounting Standards Board.

The Accounting Framework of the municipality, based on the preceding paragraphs is therefore as follows:

- GRAP 1 - Presentation of Financial Statements
- GRAP 2 - Cash Flow Statements
- GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 - Effects of Changes in Foreign Exchange Rates
- GRAP 5 - Borrowing Costs
- GRAP 6 - Consolidated and Separate Financial Statements
- GRAP 7 - Investments in Associates
- GRAP 8 - Interests in Joint Ventures
- GRAP 9 - Revenue from Exchange Transactions
- GRAP 10 - Financial Reporting in Hyperinflationary Economies
- GRAP 11 - Construction Contracts
- GRAP 12 - Inventories
- GRAP 13 - Leases
- GRAP 14 - Events after the Reporting Date
- GRAP 16 - Investment property
- GRAP 17 - Property, Plant and Equipment
- GRAP 18 - Segment Reporting
- GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets
- GAMAP 9 - Paragraphs relating to Revenue from Non-Exchange Transactions
- GRAP 100 - Non-Current Assets Held for Sale and Discontinued Operations
- GRAP 101 - Agriculture
- GRAP 102 - Intangible Assets
- IPSAS 20 - Related Party Disclosure

IPSAS 21 - Impairment of Non Cash-Generating Assets
IFRS 3 - Business Combinations
IFRS 7 - Financial Instruments: Disclosures
IAS 19 - Employee Benefits
IAS 32 - Financial Instruments: Presentation
IAS 36 - Impairment of Assets
IAS 39 - Financial Instruments: Recognition and Measurement

1.1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2012 the municipality has adopted the accounting framework as set out in point 1 above except as excluded by the applicable Directives. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the change:

- (a) is required by a Standard of GRAP; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions. on the performance or cash flow.

1.2 CRITICAL JUDGMENTS, ESTIMATIONS AND ASSUMPTIONS

The following are the critical judgments, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognized in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy 12 on *Revenue from Exchange Transactions* and Accounting Policy 13 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgment, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: *Revenue from Exchange Transactions* and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgment by management.

1.2.3 Impairment of Financial Assets

Accounting Policy 7.3 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: *Financial Instruments - Recognition and Measurement*. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate. Details of the impairment loss calculation are provided in Notes 16 and 17 to the Annual Financial Statements.

1.2.4 Useful lives of Property, Plant and Equipment

As described in Accounting Policies, the municipality depreciates over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

1.2.5 Impairment: Write down of Property, Plant and Equipment and Inventories

Significant estimates and judgments are made relating to PPE impairment tests and where relevant write down of Inventories to Net Realizable Values.

1.2.6 Defined Benefit Plan Liabilities

As described in Accounting Policy 18, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 5 to the Annual Financial Statements.

2. PRESENTATION OF CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

3. GOING CONCERN ASSUMPTION

The annual financial statements are prepared on a going concern basis.

4. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area.

5. PROPERTY, PLANT AND EQUIPMENT

The municipality has complied with the relevant standards relating to the measurement and recognition of Property, Plant and Equipment after taking into consideration the various guidance's and best practices issued in relation to the above.

5.1 INITIAL MEASUREMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognized at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality.

When significant components of an item of property, plant and equipment have different useful lives at the description of management, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

5.2 SUBSEQUENT MEASUREMENT

Subsequent expenditure relating to property, plant and equipment is capitalized if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalized when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognizes the part of the asset being replaced and capitalizes the new component.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or forgone is included in surplus or deficit when the compensation becomes receivable.

5.3 DEPRECIATION

Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

The following rates of depreciation are used per category

Category of Asset	Years
Cemeteries	30
Computer Equipment	5
Dwellings	30
Electricity	25-30
Furniture and office equipment	5-15
Intangible assets	7
Machinery and equipment	4-15
Non residential structures	30
Stormwater	40-50
Roads municipal asphalt surface	20
Roads municipal asphalt basis	50
Roads municipal concrete surface	30
Roads municipal concrete basis	50
Roads municipal gravel surface	10
Kerb and channels	50
Retaining walls	60
Pedestrian footpaths	30
Street lighting	35
Traffic signs	15
Landfill Site	55
Transport assets	7-15

5.4 WORK IN PROGRESS

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

5.5 INFRASTRUCTURE ASSETS

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality.

5.6 INVESTMENT PROPERTY

5.6.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather

than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

5.6.2 Subsequent Measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5.6.3 Work in Progress

Investment property under construction are recognised as investment property during construction. Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

5.6.4 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal

6. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorized as either *Financial Assets* or *Financial Liabilities*.

6.1 FINANCIAL ASSETS – CLASSIFICATION

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes there to:

- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors\
- Certain Other Debtors
- Short-term Investment Deposits
- Bank Balances and Cash

In accordance with IAS 39.09 the *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

Type of Financial Asset: Classification in terms of IAS 39:09

Short-term Investment Deposits – Call: Held-to-maturity investments

Bank Balances and Cash: Available for sale investments

Finance Lease Receivables: Loans and receivables

Long-term Receivables: Loans and receivables

Consumer Debtors: Loans and receivables

Other Debtors: Loans and receivables

Investments in Fixed Deposits: Held-to-maturity investments

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or
- Financial Assets at fair value through the Statement of Financial Performance.

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognized initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortized cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorizes cash and cash equivalents as financial assets: loans and receivables.

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Certain Other Creditors (see note 49.1, 49.2, 49.5, 49.6)
- Bank Overdraft
- Short-term loans
- Current Portion of Long-term Liabilities
- Consumer Deposits

There are two main categories of *Financial Liabilities*, the classification determining how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Other financial liabilities.

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognized in the Statement of Financial Performance.

Any other financial liabilities are classified as "Other financial liabilities" and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

In accordance with IAS 39.09 the *Financial Liabilities* of the municipality are all classified as "Other financial liabilities".

6.2 INITIAL AND SUBSEQUENT MEASUREMENT

Financial Assets:

Held-to-maturity Investments and *Loans and Receivables* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortized cost using the Effective Interest Method less any impairment, with revenue recognized on an effective yield basis.

Financial Assets at *Fair Value* and *Available-for-Sale* are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognized in the Statement of Financial Performance.

Financial Liabilities:

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortized cost using the effective interest rate method.

6.3 IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognized in accordance with IAS 39.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortized cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of Available-for-Sale equity securities, impairment losses previously recognized through profit or loss are not reversed through the Statement of Financial performance. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

6.4 DERECOGNIZING OF FINANCIAL ASSETS

The municipality derecognizes Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

6.5 DERECOGNIZING OF FINANCIAL LIABILITIES

The municipality derecognizes Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

6.6 TRANSITIONAL PROVISIONS

Financial Assets and Liabilities and the information relating thereto were presented and disclosed in accordance with the requirements of the old version of IS 32 in the previous financial year and

not in accordance with the requirements of the new IS 32 and IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Financial Assets and Liabilities and the information relating thereto are presented and disclosed for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of the new version of IS 32 and IFRS 7 and GRAP 3.

Financial instruments were initially measured at cost and not at fair value in the previous financial year as required by IS 39.43, AG 64, AG 65, AG 79 and SAICA Circular 9 as this requirement was exempted in terms of General Notice 522 of 2007. Financial instruments are now initially measured at fair value for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IS 39.43, IS 39 AG.64, IS 39 AG.65, IS 39 AG.79, SAICA Circular 9 and GRAP 3.

These have been accounted for where applicable.

7. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

7.1 CREDIT RISK

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

7.2 LIQUIDITY RISK

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 41.2 to the annual financial statements.

8. INVENTORIES

8.1 INITIAL RECOGNITION

Inventories comprise of consumable stores. Inventories are recognized at weighted average. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

8.2 SUBSEQUENT MEASUREMENT

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realizable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Redundant and slow-moving inventories are identified and written down from cost to net realizable value with regard to their estimated economic or realizable values and sold by public auction. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognized in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realizable value or current replacement cost is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognized as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalization to the cost of another asset.

9. ACCOUNTS RECEIVABLE

Accounts receivable are stated in the annual financial statements at the value of billings to consumers/ ratepayers, less deductions for rebates granted less a provision for doubtful accounts.

Provision for doubtful accounts is made, based on a review of outstanding amounts at the financial year end. Contributions to the provision are calculated by analyzing specific debts deemed doubtful of recovery, prior year's experience, correspondence with the Council's

attorneys, the debt collection policy and management's best estimate of recoveries expressed as a percentage.

Bad debts are written off in the period that they are identified. Amounts that are receivable within one year are classified as current assets.

10. ACCOUNTS PAYABLE

Accounts payable are stated in the annual financial statements at the amounts due to trade and other creditors for goods or services received.

11. REVENUE RECOGNITION

11.1 GENERAL

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities.

The municipality recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

12. REVENUE FROM EXCHANGE TRANSACTIONS

12.1 SERVICE CHARGES

Service charges relating to refuse removal are recognized on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

12.1.1 Pre-paid Expenses

Revenue from the sale of electricity pre-paid meter cards are recognized at the point of sale.

12.2 FINANCE INCOME

Interest earned on investments is recognized in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

12.3 TARIFF CHARGES

Revenue arising from the application of the approved tariff of charges is recognized when the relevant service is rendered by applying the relevant authorized tariff. This includes the issuing of licenses and permits.

12.4 INCOME FROM AGENCY SERVICES

Income for agency services is recognized on a monthly basis once the income collected on behalf of agents has been quantified. The income recognized is in terms of the agency agreement.

12.5 SALE OF GOODS

The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.

The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

The amount of revenue can be measured reliably.

It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

12.6 RENTALS

Revenue from the rental of facilities and equipment is recognized on a straight-line basis over the term of the lease agreement.

13. REVENUE FROM NON-EXCHANGE TRANSACTIONS

13.1 RATES AND TAXES

Revenue from property rates is recognized in terms of the Municipal Property Rates Act and the Municipal Rates Policy.

13.2 FINES

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognized when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

13.3 PUBLIC CONTRIBUTIONS

Revenue from public contributions is recognized when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognized.

13.4 OTHER DONATIONS AND CONTRIBUTIONS

Donations are recognized on a cash receipts basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

13.5 REVENUE FROM RECOVERY OF UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Revenue from the recovery of unauthorized, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognized when the recovery thereof from the responsible councilors or officials is virtually certain. Such revenue is based on legislated procedures.

14. GOVERNMENT GRANTS AND RECEIPTS

Income received from conditional grants, donations and funding are recognized as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not

been met a liability is recognized. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognized in the Statement of Financial Performance in the period in which they become receivable.

The municipality accounted for government grants and receipts in the previous financial year in accordance with the requirements of IAS 20.24 and .26, GAMAP 12.8, GAMAP 17.25 and GAMAP 9.42 – .46, as appropriate. For the financial year ended 30 June 2012, the municipality accounted for government grants and receipts for the year ended 30 June 2012 (and retrospectively, where practicable) in accordance with the requirements of GAMAP 9.42 - .46 and ASB Directives 3 and 5.

15. PROVISIONS

Provisions are recognized when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognized for future operating losses.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognized in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognized only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and

- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

16. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value unless the purpose and nature of such investments are for capital appreciation purposes and not held for operational activities as deemed by management.

Cash and cash equivalents in the cash flow statement comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Bank overdrafts are recorded at the current value of the utilization of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred.

17. UNAUTHORIZED EXPENDITURE

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

18. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies as deemed by the Accounting Officer. Irregular expenditure excludes unauthorized expenditure.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain as deemed by the Accounting Officer and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance.

20. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits.

20.1 DEFINED BENEFIT PLANS

20.1.1 Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

20.1.2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

20.2 DEFINED CONTRIBUTION PLANS

The municipality provides retirement benefits for its employees. Contributions are made to the Kwa-Zulu Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits.

Contributions are charged as an expense in the Statement of Financial Performance in the year that they become payable.

The funds are actuarially valued every three years using the discounted cash flow method.

21. DEPOSITS

Deposits received by the municipality are in terms of the approved tariff of charges by Council. These mainly relate to the use of community facilities and verge deposits, amongst others

Unidentified Direct Deposits relate to deposits made by the public into the municipality's bank account, which due to a lack of information made during the deposit process, cannot be traced to the relevant debtor. A register is maintained for all Unidentified Direct Deposits. Should all attempts prove fruitless in the identification of the relevant debtor and the amount remains unclaimed by the debtor after a time lapse of two years has occurred, these values are transferred to accumulated surplus.

22. OPERATING AND FINANCE LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalized at their cash cost equivalent. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognized as an expense in the statement of financial performance.

23. PRIOR YEAR ADJUSTMENTS

Restatements are effected to prior period comparatives resulting in the reclassification of prior period disclosure when the presentation or classification of items in the annual financial statements is amended. The nature and reason for the reclassification are disclosed.

24. VALUE ADDED TAXATION

The municipality is registered with SARS for VAT on the cash basis in accordance with Section 15(2)(a) of the Value Added Tax Act, No. 81 of 1991.

25. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as

non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

26. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2012

	2012 R	2011 R
1 ACCUMULATED SURPLUS		
The following internal funds and reserves are ring-fenced within the accumulated surplus:		
- Government Grant Reserve	365,743,909	325,466,194
- Accumulated surplus due to the results of operations	138,512,486	139,499,157
- Housing Operating Account	24,336,950	25,779,997
Total Accumulated Surplus	528,593,345	490,745,348

The following illustrates the detail on the movement of internal funds and reserves during the financial period:

	Housing Operating Account R	Govern- ment Grant Reserve R	Accumu- lated Surplus/ (Deficit) due to results of operations R	Total Ac- cumulated Surplus/ (Deficit) R
2011				
Balance at 1 July 2010	31,623,554	174,184,940	89,449,568	295,258,062
Surplus for the year	39,767,321		153,860,555	193,627,876
Transfer of capital grant assets to Govt Grant Reserve		157,056,027	-157,056,027	0
Offsetting of Depreciation		-5,774,773	5,774,773	0
Assets disposals related to housing operating account	-45,610,878			-45,610,878
Initial Recognition of land			42,994,000	42,994,000
Revaluation of assets			6,799,206	6,799,206
Prior year adjustments			-2,322,917	-2,322,917
Balance at 30 June 2011	25,779,997	325,466,194	139,499,157	490,745,348
2012				
Balance at 01 July 2011	25,779,997	325,466,194	139,499,157	490,745,348
Surplus for the year	-482,818		37,771,650	37,288,832
Transfer of capital grant assets to Govt Grant Reserve		46,597,061	-46,597,061	0
Offsetting of Depreciation		-6,319,346	6,319,346	0

ANNUAL REPORT 2011–2012

By 2020, Umdoni will be the JEWEL of the South Coast.

Assets disposals related to housing operating account	-960,229		-960,229
Fair valuation of assets		658,384	658,384
Prior year adjustments		2,995	2,995
Transfers (write-offs) against appropriation		858,015	858,015
Balance at 30 June 2012	24,336,950	365,743,909	138,512,486
			528,593,345

2. HOUSING DEVELOPMENT FUND

The Housing Development Fund contain all proceeds from housing developments, which include rental income and sales of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Housing Development Fund	24,336,950	25,779,997
The Housing Development Fund is represented by the following assets and liabilities:		
- Housing Fixed Assets	7,816,888	8,777,117
- Housing Rental Receivables	8,346,521	8,815,248
- Investments - External	7,755,714	7,768,565
- Bank and Cash	417,827	419,067
Total Housing Development Fund Assets and Liabilities	24,336,950	25,779,997

3 LONG TERM LIABILITIES

Long term Loans	889,694	2,089,694
Annuity loans	547,795	592,562
Total External loans	1,437,489	2,682,256
LESS : Current portion transferred to current liabilities (Refer to appendix A for more detail)	-1,414,501	-1,734,916
Total long-term liabilities	22,988	947,340

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Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

4 PROVISION FOR POST RETIREMENT MEDICAL BENEFITS

Post-Employment Health Care Benefit Liability	19,717,007	16,292,516
Total: Post Retirement Medical Aid Benefit Liability	19,717,007	16,292,516
Less: Transfer to Current Provisions	-512,400	-442,512
Net Post-Employment Health Care Benefit Liability	19,204,607	15,850,004

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2012 by a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement benefits are provided by the municipality.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

- In-service members	161	170
- Continuation members	23	22
Total	184	192

The liability in respect of past service has been estimated to be as follows:

- In-service members	13,123,931	10,765,749
- Continuation members	6,593,076	5,526,767
	19,717,007	16,292,516

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Global Health
- LA Health
- Samwumed

ANNUAL REPORT 2011–2012

By 2020, Umdoni will be the JEWEL of the South Coast.

The future service cost for the ensuing year is established to be R 1,241,157 whereas the interest-cost for the next year is estimated to be R 1,557,300 (2011: R 1 118 322 and R 1 396 862 respectively)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	8.00%	8.69%
Health Care Cost Inflation Rate	6.98%	7.31%
Net Effective Discount Rate	0.95%	1%
Expected Retirement Age - Females	55	55
Expected Retirement Age - Males	55	55

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	19,717,007	16,292,516
Fair value of plan assets		0
Benefit Liability	<u>19,717,007</u>	<u>16,292,516</u>

The amount recognised in the Statement of Financial Performance under employee related costs are as follows:

Current service cost	1,118,332	649,465
Interest cost	1,396,862	1,078,459
Actuarial (gain)/loss recognised	1,404,861	3,102,071
	<u>3,920,055</u>	<u>4,829,995</u>

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year	16,292,516	11,875,385
Current service cost	1,118,332	649,465
Interest cost	1,396,862	1,078,459
Benefits paid	-495,562	-412,864
Recognised actuarial (gain)/loss	1,404,859	3,102,071
Balance at end of year	<u>19,717,007</u>	<u>16,292,516</u>

The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:

Increase

Effect on the aggregate of the current service cost and the interest cost	1,592,600	1,218,000
Effect on the defined benefit obligation	15,396,000	12,668,000

ANNUAL REPORT 2011–2012

Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

Decrease

Effect on the aggregate of the current service cost and the interest cost	1,235,200	961,500
Effect on the defined benefit obligation	11,278,000	9,265,000

The municipality expects to make a provision of R 2 798 454 (2012: R 2 515 194) to the defined benefit plans during the next financial year.

The history of experienced adjustments are as follows:	2012	2011	2010	2009
	R	R	R	R
Present value of Defined Benefit Obligation	19,717,007	16,292,516	11,875,000	8,155,000
Deficit	<u>19,717,007</u>	<u>16,292,516</u>	<u>11,875,000</u>	<u>8,155,000</u>
Experienced adjustments on Plan Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

5 LONG SERVICE AWARDS AND RETIREMENT GIFTS

Provision for Long Service Awards	1,371,119	1,092,938
Total Provision for Long Service Awards	<u>1,371,119</u>	<u>1,092,938</u>
Less: Transfer to Current Provisions	-131,148	-191,432
Net Long Service Awards liability	<u>1,239,971</u>	<u>901,506</u>

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Umdoni Municipality). The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2012 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2012 by a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other long service benefits are provided by the municipality.

The Long Service Awards plans are defined benefit plans. As at year end, 358 employees were eligible for Long Service Awards.

The future service cost for the ensuing year is estimated to be R 192,787 whereas the interest-cost for the next year is estimated to be R 82,680

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	6.33%	7.66%
Expected Rate of Salary Increase	5.97%	6.24%
Net Effective Discount Rate	0.34%	1.33%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	1,371,119	1,092,938
Net liability	<u>1,371,119</u>	<u>1,092,938</u>

The amount recognised in the Statement of Financial Performance under employee related costs are as follows:

Current service cost	174,871	159,321
Interest cost	76,481	84,033
Actuarial loss/gain	225,707	-13,457
Total included in Employee Related Costs	<u>477,059</u>	<u>229,897</u>

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year	1,092,938	1,067,873
Current service cost	174,871	159,321
Interest cost	76,481	84,033
Benefits paid	-198,878	-204,832
Actuarial (gain)/losses recognised	225,707	-13,547
Balance at end of year	<u>1,371,119</u>	<u>1,092,848</u>

The effect of a 1% movement in the assumed rate of salary inflation is as follows:

Increase

Effect on the aggregate of the current service cost and the interest cost	265,943	256,642
Effect on the defined benefit obligation	1,447,000	1,153,000

Decrease

Effect on the aggregate of the current service cost and the interest cost	238,070	231,204
Effect on the defined benefit obligation	1,301,000	1,038,000

The history of experienced adjustments are as follows:

	2012	2011	2010	2009
	R	R	R	R
Present value of Defined Benefit Obligation	-1,371,119	-1,092,928	-1,067,973	-855,567
Deficit	<u>-1,371,119</u>	<u>-1,092,928</u>	<u>-1,067,973</u>	<u>-855,567</u>
Experienced adjustments on Plan Liabilities	0	0	0	0

6 REFUSE SITE REHABILITATION

In terms of the licencing of the landfill refuse sites, Council will incur rehabilitation costs of R 3,1 million determined at present value, to restore the sites. Provision has been made for an amount based on the present value of cost.

The costs of rehabilitating the refuse site have been estimated by the Council's consulting engineers who control the operations carried out by the service provider. Council has to submit a rehabilitation plan to the Department of Water Affairs and Forestry six months prior to closing the Site.

Opening balance	2,492,050	2,804,850
Contribution to the Statement of Financial Performance	645,438	-312,800
Closing balance	<u>3,137,488</u>	<u>2,492,050</u>

7 MULTI EMPLOYER RETIREMENT BENEFITS

Umdoni Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All full-time employees belong to the KwaZulu Natal Joint Municipal Pension Fund, which are made up by the Retirement, Superannuation and Provident Funds. Councillors have the option to belong to the Pension Fund for Municipal Councillors.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation. For both the Superannuation and Retirement Funds valuations making use of the Discontinuance Method Approach have been included as well.

DEFINED BENEFIT SCHEMES

Retirement Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 31 March 2011

The interim actuarial valuation performed as at 31 March 2011 revealed that the fund had a shortfall of R 382,3 (31 March 2010: shortfall of R 242,2) million, with a funding level of 84,1% (31 March 2010: 88,2%). The contribution rate, including the surcharges below, paid by the members (8,65%) and municipalities (29,00%) should be sufficient to eradicate the shortfall in the fund by 31 March 2015. However, the basic contribution payable is 4,72% less than the required contribution rate.

The actuarial shortfall is taken into account by determining surcharges, to be met by increased contributions. These surcharges amount to 17% of pensionable emoluments, of which 1,65% is payable by members and 15,35% is payable by the local authority. This surcharge is payable until 31 March 2015. It is necessary that the basic employer contribution be increased by 4,72% to 18,37% and the surcharge be increased to 17,5% and extended by a further 3 years to 31 March 2018. This position will be monitored on an annual basis. Subsequently, notice has been served that the surcharge will be increased to 34,22% with effect from 1 August 2012 for an indefinite period of time.

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund.

Superannuation Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2011.

The interim actuarial valuation performed as at 31 March 2011 revealed that the fund had a shortfall of R 549,5 (31 March 2010: shortfall of R 213,3) million, with a funding level of 90,9% (31 March 2010: 95,9%). The contribution rate paid by the members (9,25%) and municipalities (18,00%) is 3,63% (31 March 2010: 1,69%) less than the required contribution rate for future service and will be reviewed at the next interim valuation. The deficit in respect of active members is being met by a surcharge of 7,0% of pensionable salaries. It was expected that the deficit will be fully funded by 2016.

This surcharge is payable until 31 March 2015. It is necessary that the basic employer contribution be increased by 4,72% to 18,37% and the surcharge be increased to 17,5% and extended by a further 3 years to 31 March 2018. This position will be monitored on an annual basis. Subsequently, notice has been served that the surcharge will be increased to 31,13% with effect from 1 August 2012 for an indefinite period of time.

It is intended that the Fund will merge with the Retirement Fund in the near future.

DEFINED CONTRIBUTION SCHEMES

Municipal Councillors Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2011.

The interim valuation performed as at 30 June 2011 revealed that the assets of the fund amounted to R 1 483,786 381 (30 June 2010: R 1 123,672 020) million. The contribution rate paid by the members (13.75%) and the municipalities (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

As reported by the Actuaries, the Fund was in a sound financial condition as at 30 June 2011.

Provident Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2011.

The interim actuarial valuation performed as at 31 March 2011 revealed that the market value of the fund was R 1 056,2 (31 March 2010: R 836,4) million. The contribution rate payable (either 5,00%, 7,00% or 9,25% by the member and 1,95 times the member's contributions by the employer), is sufficient to cover the cost of benefits and expenses and the fund was certified to be in sound financial condition as at 31 March 2011.

None of the above mentioned plans are State Plans.

8 ACCOUNTS PAYABLE

Trade creditors	10,325,153	9,167,452
Deposits	727,311	1,279,371
Payments received in advance	3,267,235	3,689,088
Retention monies	16,338,882	15,931,867
Unidentified direct deposits	635,374	797,804

Total Accounts Payable

31,293,955	30,865,582
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The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial policies in place to ensure that all payables are paid within the credit timeframe.

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Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

Deposits are paid by members of the community on application for the hire of community halls and facilities, as stipulated in the tariff of charges. The deposits are repaid when the use of the community halls/facilities are completed, and an inspection has been executed to ensure that the facilities hired have been restored to its original condition, and no damage to property has occurred. In cases where the condition of the facilities have not been restored to its original condition or damage to the property is evident, Council can utilize the deposit as payment to rectify the facilities to its original condition or to restore any damage to the property.

No interest is paid on consumer deposits held.

Retention refers to monies retained by the municipality on construction work completed by the various suppliers throughout the duration of their contract. These monies are released to the upon progressive completion of their respective undertakings.

9 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government:

Provincial grants	4,751,189	2,576,684
Ugu District Municipality	130,663	410,259
National Treasury	69,263,695	111,126,641
Other Grants	8,615	86,615
Total Conditional Grants from other spheres of Government	74,154,162	114,200,199

10 OPERATING LEASES

The Municipality as lessee

Leasing arrangements:

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Up to 1 year	323,180	279,467
1 to 5 years	160,214	159,106
More than 5 years	5,302	4,789
Total Operating Lease Arrangements	488,696	443,362

Included in the above mentioned operating lease payments are the following major classes of leases, which are only significant collectively:

- Electronic equipment	339,702	175,848
- Vehicles	104,952	244,888
- Properties	44,042	22,626
	488,696	443,362

ANNUAL REPORT 2011–2012

By 2020, Umdoni will be the JEWEL of the South Coast.

The Municipality as lessor

Leasing arrangements:

At the reporting date, the municipality had outstanding receipts in terms of operating leases, which will accrue as follows:

Receivable within 1 year	2,835,066	2,079,906
Receivable within 2-5 years	1,295,828	2,359,360
Receivable after 5 years	225,180	130,880

Total Operating Lease Arrangements

4,356,074	4,570,146
------------------	------------------

Included in the above mentioned operating lease receivables are the following major classes of leases, which are only significant collectively:

- Land

4,356,074	4,570,146
4,356,074	4,570,146

11 PROPERTY, PLANT AND EQUIPMENT

No property, plant and equipment have been pledged to secure borrowings of the municipality

See also Note 43 for further detail.

12 INVESTMENT PROPERTY

Reconciliation of carrying value

Carrying values at 01 July 2011

	13,139,316	13,142,678
Cost/Revaluation	13,176,976	13,176,976
Cost	13,176,976	2,176,976
Initial recognition of land	0	11,000,000
Accumulated depreciation	-37,660	-34,298
Based on cost	-37,660	-34,298
Based on revaluation		
Depreciation	-3,362	-3,362
Acquisitions	9,511,125	0
Initial recognition of investment property		0

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Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

Carrying value of disposals	0	0
Cost/ revaluation	0	0
Accumulated Depreciation	0	0

Impairment losses	0	0
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Carrying values at 30 June 2012	22,647,079	13,139,316
--	-------------------	-------------------

Represented by		
Cost/revaluation	22,688,101	13,176,976
Cost	22,688,101	13,176,976
Revaluation	0	

Accumulated depreciation	-41,022	-37,660
Cost	-41,022	-37,660

Revaluation		
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Carrying values at 30 June 2012	22,647,079	13,139,316
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Analysis of Investment Property represented at Cost:	RandValue	Rental Income pa
572 Park Rynie	11,000,000	90,461
1399 Scottburgh	2,098,788	205,150
1398 Scottburgh	78,188	1,609,616
328 Umzinto - Work in Progress	9,511,125	Nil
	22,688,101	1,905,227

13 PROVISION FOR STAFF LEAVE

Balance at beginning of the year	4,899,541	4,009,835
Contributions (Decrease) to provision	918,214	1,356,870
Actual leave paid for the year	-524,082	-467,164
Balance at end of year	5,293,673	4,899,541

14 INVESTMENTS

Council's unlisted investments

Nil	0	0
Total long term investments	0	0

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By 2020, Umdoni will be the JEWEL of the South Coast.

Short term investments

Nil	0	0
Total short term investments	0	0
Total investments	0	0

15 INVENTORY

Inventory represents:

Consumable stores	66,192	74,907
	66,192	74,907

16 CONSUMER RECEIVABLES

Revenue from Non Exchange Transactions

Rates	20,409,864	18,835,645
Rates penalties and collection charges	7,296,907	8,893,479
Refuse	3,246,003	3,659,249

Revenue from exchange transactions

Housing	5,058,293	5,484,299
Interest on housing	3,288,228	3,330,949
Sundries	6,409,824	4,598,723

	45,709,119	44,802,344
Less: Provision for bad debt	-13,476,168	-12,808,232
Less: Provision for impairment loss		-3,915,144

Total Consumer Receivables	32,232,951	28,078,968
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Amounts written off as bad debts	3,354,999	164,163
As a percentage of total operating revenue	1.96%	0.06%

Ageing of Consumer Debt as follows:

Rates

Current (0 to 30 days)	860,012	863,874
31 to 60 days	946,202	1,021,845
61 to 90 days	812,321	818,213
91 to 120 days	746,498	775,293
121 days and over	17,047,900	15,359,254
	20,412,933	18,838,479

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Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

Rates Penalties and collection charges

Current (0 to 30 days)	49,467	1,139
31 to 60 days	8,013	0
61 to 90 days	13,841	15,818
91 to 120 days	18,598	21,450
121 days and over	7,206,988	8,855,072

7,296,907	8,893,479
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Housing

Current (0 to 30 days)	84,454	98,647
31 to 60 days	35,210	36,899
61 to 90 days	33,492	34,840
91 to 120 days	27,826	33,726
121 days and over	4,630,958	4,935,692

4,811,940	5,139,804
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Interest on housing

Current (0 to 30 days)	2,412	0
31 to 60 days	301	0
61 to 90 days	531	691
91 to 120 days	677	976
121 days and over	3,284,307	3,329,282

3,288,228	3,330,949
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Refuse

Current (0 to 30 days)	87,874	270,904
31 to 60 days	149,819	180,339
61 to 90 days	127,409	183,334
91 to 120 days	125,061	149,495
121 days and over	3,082,367	3,253,935

3,572,530	4,038,007
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Sundries

Current (0 to 30 days)	1,996,093	2,972,078
31 to 60 days	68,342	39,558
61 to 90 days	463,718	19,847
91 to 120 days	4,516	53,993
121 days and over	4,443,059	2,097,283

6,975,728	5,182,759
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Total consumer ageing	46,358,266	45,423,477
Less: Provision for bad debts	-13,476,168	-12,808,232
Less: Provision for impairment loss		-3,915,144
Less: VAT included in age analysis	-649,147	-621,133

Total Consumer Receivables

32,232,951	28,078,968
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Reconciliation of Provision for Bad Debts on Consumer Receivables

Balance at beginning of the year	12,808,232	13,196,840
Contributions to provision	4,022,935	-224,445
Transfer of clinic subsidy provision from other receivables		
Write offs against provision	-3,354,999	-164,163
Balance at end of year	13,476,168	12,808,232

Management has considered the effects of any impairment in the values of outstandings and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstanding debt.

17 OTHER RECEIVABLES

Sundry receivables	34,010	97,508
Ugu District Municipality	5,075,295	5,075,295
	5,109,305	5,172,803
Less: Provision for bad debt	-5,075,795	-5,117,952
Total other receivables	33,510	54,851

Reconciliation of Provision for Bad debt on Other receivables

Balance at beginning of the year	5,117,952	5,117,952
Contributions (Decrease) to provision	0	0
Bad debts written off against provision	-42,157	0
Balance at end of year	5,075,795	5,117,952

Management have considered the effects of any impairment in the values of outstandings and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstandings receivables.

18 VAT RECEIVABLE

VAT receivable	5,667,223	13,658,934
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VAT is payable on the cash basis. Only once payment has been received from receivables is VAT paid over to SARS.

19 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:

The following primary bank account is maintained in terms of the Local Government: Municipal Finance Management Act:

Standard Bank of SA Limited, Scottburgh Branch -

Account No. 05 279 168 8

Current account:

Cash book balance at beginning of year	-11,247,789	-2,787,957
Cash book balance at end of year	-819,783	-11,247,789
Bank statement balance at beginning of year	2,844,447	3,926,445
Bank statement balance at end of year	3,738,984	2,844,447

The following bank account is maintained in terms of the Local Government: Municipal Finance Management Act:

Standard Bank of SA Limited, Scottburgh Branch - Account No.

052 854 329

Current account:

Cash book balance at beginning of year	0	1,199,120
Cash book balance at end of year	0	0
Bank statement balance at beginning of year	0	1,199,120
Bank statement balance at end of year	0	0

The following housing bank accounts are maintained in terms of memorandums of agreement with the Department of Housing:

Standard Bank of SA Limited, Scottburgh Branch - Account No.

05 285 257 1

Malangeni Rural Housing Project K 03100018

Cash book balances at beginning of year	61,736	62,727
Cash book balances at end of year	60,682	61,736
Bank statement balances at beginning of year	61,736	62,727
Bank statement balances at end of year	60,682	61,736

Standard Bank of SA Limited, Scottburgh Branch - Account No.

05 285 256 3

Amahlongwa Rural Housing Project K 03100017

Cash book balances at beginning of year	77,437	78,428
Cash book balances at end of year	76,384	77,437
Bank statement balances at beginning of year	77,437	78,428
Bank statement balances at end of year	76,383	77,437

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By 2020, Umdoni will be the JEWEL of the South Coast.

Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 279 625 6

Umzinto Slum Clearance Housing Project K 031 00019

Cash book balances at beginning of year	190,237	25,809
Cash book balances at end of year	192,434	190,237

Bank statement balances at beginning of year	190,209	25,809
Bank statement balances at end of year	192,406	190,209

Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 279 619 1

Sanathan Housing Project K 0310002

Cash book balances at beginning of year	467	1,246
Cash book balances at end of year	0	467

Bank statement balances at beginning of year	467	1,246
Bank statement balances at end of year	0	467

Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 285 432 9

Umdoni Municipality Housing Account

Cash book balances at beginning of year	89,190	89,952
Cash book balances at end of year	88,327	89,190

Bank statement balances at beginning of year	90,881	89,953
Bank statement balances at end of year	88,328	90,881

Summary:

Cash book balance at beginning of year	-10,828,722	-1,330,675
Cash book balance at end of year	-401,956	-10,828,722

Bank statement balance at beginning of year	3,265,177	5,383,728
Bank statement balance at end of year	4,156,783	3,265,177

CASH ON HAND:

Petty Cash	5,000	1,000
Floats	2,500	4,900
	7,500	5,900

Total Bank and Cash	-394,456	-10,822,822
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Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

CALL ACCOUNTS

Notice deposits	105,709,836	169,060,487
Standard Bank of SA Ltd	47,039,055	15,877,505
Absa	12,376,087	109,365,713
Nedbank	32,391,843	30,645,765
First National Bank	13,901,664	13,170,317
Investec Bank	1,187	1,187
Total short term investments	105,709,836	169,060,487

Umdoni Municipality has not applied any overdraft facility or securities held. The credit as per the cash book balance is reflective of outstanding cheques which have yet to be cleared as at 30 June 2012.

20 PROPERTY RATES

Actual income

Residential	49,493,260	36,857,123
Agriculture	468,724	603,352
Commercial and Other	9,350,990	18,572,055
Less: Adjustments	-1,346,471	-1,982,639
Less: Rebates	-5,494,964	-5,483,216

Total assessment rates

52,471,539 **48,566,675**

Property valuations

7,460,234,300 **7,373,301,000**

Non rateable valuations

138,497,000 **138,497,000**

The last general valuation for Umdoni came into effect on:

01 July 2008 01 July 2008

Randages in terms of the Municipal Property Rates Act:

Residential	0.00742	0.00700
Commercial, Business and Industrial	0.00993	0.00937
Agricultural Property	0.00185	0.00178
Public Service Infrastructure, Public Benefit Organisations	0.00189	0.00200
Vacant Industrial, Commercial and Other	0.02079	0.01961

Rebates on these rates are allowed on the following basis:

Special Residential (excluding vacant land)	75,000	75,000
Vacant Property	15,000	15,000
Disabled Persons, Pensioners, Indigent Persons as defined in the Indigent Policy	370,000	370,000

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By 2020, Umdoni will be the JEWEL of the South Coast.

21 SERVICE CHARGES

Refuse removal	6,470,180	7,195,761
	6,470,180	7,195,761

22 GOVERNMENT GRANTS AND SUBSIDIES

Operational Grants:

Equitable share	24,104,000	20,802,997
Provincial Grants	9,412,757	659,390
Provincial - Health Subsidies	1,938,400	1,783,706
Ugu District Municipality	371,094	442,339
National Treasury	47,375,774	159,188,240
Old Mutual	78,000	167,710

Total Government Grant and Subsidies recognised	83,280,025	183,044,382
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23 OTHER INCOME

Building plan fees	344,809	382,132
Development levy	0	1,315,789
Insurance recovery	19,684	138
Inspections	115,296	108,120
Fire services income	1,401,333	1,511,272
Plot clearing	62,118	57,165
Rates certificates	130,835	133,250
Signage	226,739	167,377
Non refundable tender deposits	68,553	297,632
Subdivisions, rezoning and town planning	38,654	25,570
Reversal of Impairment Loss	3,915,144	
Sundry income	1,397,042	1,666,147
	7,720,207	5,664,593

24 EMPLOYEE RELATED COSTS

Remuneration of the Municipal Manager

Annual remuneration	802,634	766,630
Performance bonus	88,765	81,826
	891,399	848,456

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Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

Remuneration of the Manager: Financial Services

Annual remuneration	620,099	592,722
Performance bonus	69,468	53,365
	689,567	646,087

Remuneration of the Manager: Technical Services

Annual remuneration	621,299	593,670
Performance bonus	52,101	48,028
	673,400	641,698

Remuneration of the Manager: Community Services

Annual remuneration	573,169	502,054
Performance bonus	48,816	31,500
	621,985	533,554

Remuneration of the Manager: Corporate Services

Annual remuneration	310,409	
Performance bonus	0	
	310,409	

Remuneration of the Previous Manager: Corporate Services

Annual remuneration	51,675	593,021
Performance bonus	57,890	53,365
	109,565	646,386

EMPLOYEE RELATED COSTS

Salaries and allowances	39,658,997	38,985,463
Contributions to UIF, pensions and medical aids	9,087,070	8,255,967
Travel, motor car, accommodation, subsistence and other allowances	329,994	308,861
Housing benefits and allowances	86,280	91,217
Overtime payments	1,444,286	1,738,808
Bonuses	2,850,568	2,480,111
Contribution to long service awards and medical aid liability	4,397,115	5,017,676
	57,854,310	56,878,102

25 COUNCILLORS' REMUNERATION

Mayor's allowance	636,307	599,590
Deputy Mayor's allowance	507,263	478,323
Speaker's allowance	507,304	478,426
Executive councillor allowance	476,586	444,387
Councillors' allowances	2,942,934	2,572,759
	5,070,394	4,573,485

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By 2020, Umdoni will be the JEWEL of the South Coast.

The Mayor, Deputy Mayor, Speaker and one Executive Councillor are full time and have an office and secretarial support at the cost of the Council

The Mayor has the use of a Council vehicle for official duties

26 INTEREST PAID

Long term liabilities	91,786	102,662
Total interest on external borrowings	<u>91,786</u>	<u>102,662</u>

27 CONTRIBUTIONS TO PROVISIONS

Contribution to Bad Debt Provision	4,022,936	0
Contribution to Leave Provision	918,214	1,356,870
	<u>4,941,150</u>	<u>1,356,870</u>

28 AUDITOR'S REMUNERATION

Audit fees	1,239,640	827,604
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29 CONTRACTED SERVICES

Fixed asset register and verification	415,446	551,829
Verge Contract maintenance	2,881,494	2,956,895
Refuse site maintenance	2,322,290	2,621,401
Security	2,350,799	1,854,314
Lifeguard services	687,157	660,816
Meshing fees	1,037,771	803,907
Machinery leases	468,390	433,571
Computer support	394,704	326,347
Street Cleaning	259,291	0
Contribution to Kwanaloga	261,870	239,514
Other contracted services	1,103,284	670,228
	<u>12,182,496</u>	<u>11,118,822</u>

30 GENERAL EXPENSES

Electricity and water	5,877,413	4,541,350
Alternate electricity	2,815,581	2,741,558
Fuel maintenance	3,211,275	2,203,605
Telecommunication	799,347	865,829

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Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

Printing and stationery	974,863	1,019,924
Insurance	475,691	386,278
Audit fees	1,239,640	827,604
Workmans Compensation	470,699	277,192
Special Programmes	670,695	898,874
Drivers licences	643,743	581,779
SETA Training Programmes and Skills Levies	218,850	310,707
Valuations	300,000	300,000
Tourism Contribution	210,000	200,000
Other general expenses	12,137,261	10,844,270
	30,045,058	25,998,970

31 CASH GENERATED FROM (UTILISED IN) OPERATIONS

Surplus for the year	37,771,650	153,828,760
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Adjustments for non cash transactions accounted for directly against income:

Previous year's operating transactions	861,010	-726,676
Depreciation	14,600,189	10,641,369
Impairment of assets	87,061	
Loss on disposal of assets	1,249,219	924,656
Provision for refuse site rehabilitation	645,438	-312,800

Capital charges :

Interest paid on external loans	91,786	102,662
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Investment income (operating account)	-7,709,598	-13,385,013
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47,596,755	151,072,958
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(INCREASE) / DECREASE IN WORKING CAPITAL

	-32,135,892	-141,039,531
(Increase) / decrease in inventory	8,715	-38,595
(Increase) / decrease in receivables	3,390,342	-8,498,153
Increase / (decrease) in creditors	428,375	5,784,478
Increase / (decrease) in unspent conditional grants	-40,046,037	-142,399,776
Increase / (decrease) in Provisions	3,702,672	4,442,196
Increase / (decrease) in Provisions for staff leave	394,132	889,706
Increase / (decrease) in Housing Operating Account	-14,091	-1,219,387

Cash generated from (utilised in) operations	15,460,863	10,033,426
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By 2020, Umdoni will be the JEWEL of the South Coast.

32 CONTINGENT LIABILITIES

No contingent liabilities have been identified at year end. 0 0

33 CAPITAL COMMITMENTS

Commitments for capital expenditure		
Approved and contracted for	16,388,040	146,850,615
Approved but not yet contracted for	27,486,050	8,095,214
	<u>43,874,090</u>	<u>154,945,830</u>

This expenditure will be financed from:		
Internal source - Revenue	11,438,200	14,007,182
External source - National government	33,420,043	140,938,648
	<u>44,858,243</u>	<u>154,945,830</u>

34 COUNCILLORS' ACCOUNTS IN ARREAR

The following Councillor had an arrear account balance outstanding:

	Outstand- ing less than 90 Days	Outstanding more than 90 Days	Total
At 30 June 2012			
Councillor TA Zondi	945	0	945
	<u>945</u>	<u>0</u>	<u>945</u>

This represents monthly arrears which have been subsequently paid.

At 30 June 2011			
Councillor TA Zondi	782	1,296	2,079
Councillor GN Mbambo	310		310
Councillor TH Ngcobo	514	54,458	54,972
	<u>1,606</u>	<u>55,754</u>	<u>57,361</u>

35 MATERIAL UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

35.1 Material unauthorised expenditure

Opening balance		32,776,151
Unauthorised expenditure for the current year	9,581,858	0
Approved /condoned by Council as at 30 June		-32,776,151
Approved /condoned by Council subsequent to year end	-9,581,858	
Transfer to receivables for recovery		
Unauthorised expenditure	<u>0</u>	<u>0</u>

35.2 Material fruitless and wasteful expenditure

Opening Balance	1,282	0
Fruitless and wasteful expenditure for the current year		1,282
Approved /condoned by Council		0
To be recovered - contingent asset		0
Fruitless and wasteful expenditure	<u>1,282</u>	<u>1,282</u>

35.3 Material irregular expenditure

Opening balance	1,137,232	1,898,308
Irregular expenditure for the current year		1,324,875
Approved /condoned by Council	-1,137,232	-1,898,308
Transfer to receivables for recovery - not condoned		
Irregular expenditure	<u>0</u>	<u>1,137,232</u>

36 CORRECTION OF ERRORS

The entries below detail the adjustments effected to the AFS in respect of the prior period: All corrections were carried out independently using the opening balances

36.1 Restatement of Prior Year Creditors

	As previously reported 2011	Amount of correction 2011	Restated 2011
Creditors had been raised on invoices submitted by suppliers at year end. However, during the 11/12 financial year, the verification of work performed in relation to these invoices resulted in the municipality paying a higher value than the value raised as a creditor.			
As these creditors relate to Grant Funded Projects, the following have been restated:			

ANNUAL REPORT 2011–2012

By 2020, Umdoni will be the JEWEL of the South Coast.

Accounts Payable	30,899,158	31,795	30,930,953
Government Grants and Subsidy Income	183,012,587	31,795	183,044,382
Accumulated Surplus	449,315,794	31,795	449,347,589
Property, Plant and Equipment	421,538,552	31,795	421,570,347
Unspent Grants and Subsidies (Liabilities)	114,166,623	-31,795	114,134,828

36.2 Restatement of Property Plant and Equipment

	As previously reported 2011	Amount of correction 2011	Restated 2011
In accordance with further implementation of GRAP, and the refinement and additional componentisation of the asset register, the following prior year adjustments were effected:			
Property, Plant and Equipment - Carrying Value	421,538,552	-1,596,241	419,942,311
Accumulated Surplus	449,347,589	1,596,241	447,751,348
Land - Carrying Value	11,634,092	31,994,000	43,628,092
Accumulated Surplus	447,751,348	31,994,000	479,745,348

36.3 Restatement of Investment Property

	As previously reported 2011	Amount of correction 2011	Restated 2011
In accordance with GRAP, properties that meet the recognition criteria of investment property, have been incorrectly disclosed as Property, Plant and Equipment in prior financial years. This has resulted in a restatement as follows:			
Property, Plant and Equipment - Carrying Value	421,538,552	-1,942,316	419,596,236
Investment Property - Carrying Value	197,000	1,942,316	2,139,316
Investment Property - Carrying Value	197,000	11,000,000	11,197,000
Accumulated Surplus	479,745,348	11,000,000	490,745,348

38 SECTION 36 DISCLOSURE IN ACCORDANCE WITH SUPPLY CHAIN MANAGEMENT REGULATIONS

The following amounts were incurred by the Municipality in accordance with Sec 36 of the Municipal Finance Management Act:

* Expenditure of R 31 180 477 (2011 : R 151 624 920) relates to the Disaster Rehabilitation Programme. In order to expedite the rehabilitation of the damage incurred during the June 2008 floods, service providers were invited to register on disaster database, and requested to tender as the projects were being implemented.

*Expenditure of R 1 516 153 (2011 : R 980 095) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services procured from a sole supplier.

*Expenditure of R 505 359 (2011: R66 803) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services under emergency circumstances.

*Expenditure of R 154 254 (2011: R 1 250 465) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services in respect of goods and services (impracticable to follow the procurement process).

*Expenditure of Nil (2011 : R7 043) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services supplied by a specialist provider.

39 EVENTS AFTER REPORTING DATE

Management have not identified any matter or circumstance (adjusting or non-adjusting) since the end of the financial year, that will impact on the fair presentation of the annual financial statements.

40 PARTICULARS OF TRANSACTIONS IN ACCORDANCE WITH S45 OF SUPPLY CHAIN REGULATIONS - RELATED PARTY TRANSACTIONS

2012

The Municipality incurred business to the value of R 15,300 with a company associated with staff members of the Municipality. The transaction was concluded in full compliance with the Supply Chain Management Policy of Council and the transaction is considered to be at arms length.

Name of Individual	Capacity of Individual	Nature of Relationship	Amount of Award
AA Govender	Superintendent of Traffic	Parent of Employee	<u>15,300</u>

2011

The Municipality incurred business to the value of R 19,471 with a company associated with staff members of the Municipality. The transaction was concluded in full compliance with the Supply Chain Management Policy of Council and the transaction is considered to be at arms length.

ANNUAL REPORT 2011–2012

By 2020, Umdoni will be the JEWEL of the South Coast.

Name of Individual	Capacity of Individual	Nature of Relationship	Amount of Award
AA Govender	Superintendent of Traffic	ParentofEmployee	19,471

41 FINANCIAL INSTRUMENTS AND RISK ANALYSIS

41.1 FINANCIAL ASSETS:

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows:

Financial Assets

Classification

Current investments

30 day deposits

Held to maturity

Trade receivables from exchange transactions & non-exchange transactions

Consumer debtors

Loans and receivables

Other debtors

Loans and receivables

Bank, Cash and Cash Equivalents

Bank Balances

Available for sale

SUMMARY OF FINANCIAL ASSETS

Held to maturity:

Current investments	105,709,836	169,060,487
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105,709,836	169,060,487
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Loans and Receivables

Trade receivables from consumers

46,358,266	45,423,477
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Trade receivables from other debtors

5,109,305	5,172,803
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51,467,571	50,596,283
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Available for Sale:

Bank Balances and Cash

425,727	424,967
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425,727	424,966
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Total Financial Assets

157,603,134	220,081,736
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41.2 FINANCIAL LIABILITIES:

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows :

<u>Financial Liabilities</u>	<u>Classification</u>
Long-term Liabilities	
Non Annuity Loans	Financial liabilities at a mortised cost
Annuity Loans	Financial liabilities at a mortised cost
Creditors	
Trade creditors	Financial liabilities at a mortised cost
Payments received in advance	Financial liabilities at a mortised cost
Deposits - other	Financial liabilities at a mortised cost
Staff leave	Financial liabilities at a mortised cost
Other creditors	Financial liabilities at a mortised cost
Current Portion of Long-term Liabilities	
Non Annuity Loans	Financial liabilities at a mortised cost
Annuity Loans	Financial liabilities at a mortised cost
Bank, Cash and Cash Equivalents	
Bank Balances	Available for sale

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:

Long-term Liabilities	Non Annuity Loans	0	1,200,000
Long-term Liabilities	Annuity Loans	22,988	32,580
Deposits	Sundry Deposits	727,311	1,279,371
Creditors	Trade creditors	10,325,153	9,167,452
Creditors	Payments received in advance	3,267,235	3,689,088
Creditors	Staff leave	5,293,673	4,899,541
Creditors	Other creditors	16,974,256	16,729,671
Current Portion of Long-term Liabilities	Non Annuity Loans	889,694	889,694
Current Portion of Long-term Liabilities	Annuity Loans	524,807	559,983
		38,025,118	38,634,161

Bank, Cash and Cash Equivalents

Bank Balances	819,783	11,247,789
Total Financial Liabilities	819,783	49,881,950

41.3 RISK ANALYSIS

The Municipality has reviewed and assessed the following main categories of risk as being immaterial

Foreign Currency Risk

The municipality does not have any assets or liabilities denominated in a foreign currency.

Investment Risk

The municipalities investments are all zero risk based with no exposure to equity risk.

Recoverable Risks

All receivables are due and payable within 30 days. Should no payment be received debt recovery processes are implemented.

Any doubtful debts are impaired for accordingly.

Creditors Risks

The municipality is a going concern and is therefore able to pay creditors as and when they fall due.

42 BUDGET COMPARATIVES

In addition to comparatives of actual performance against budget being disclosed in the Statement of Financial Performance the municipality has further disclosed such comparatives on appendix E1.

43 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The following standards of GRAP have been considered :

GRAP 24 - Presentation of Budget Information in Financial Statements

Management has considered the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of this standard will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

GRAP 103 - Heritage Assets

Management has considered the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of this standard will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

43 MATERIAL RECLASSIFICATION OF ANNUAL FINANCIAL STATEMENTS **

The following account balances have been materially reclassified in the Annual Financial Statements

43.1 CASH AND BANK

As short term investments are redeemable for cash within three months the municipality has reclassified such as cash and bank

As Previously Reported

Short Term Investments
Cash and Bank

2012	2011
105,709,833	169,060,487
425,327	424,967

Effect of Reclassification

Short Term Investments
Cash and Bank

0	0
106,135,163	169,485,454

43.2 HOUSING DEVELOPMENT FUND

In accordance with GRAP the Housing Development fund has been consolidated with the Accumulated Surplus

As Previously Reported

Accumulated Surplus
Housing Development Fund

2012	2011
500,341,251	421,971,351
24,336,950	25,779,997

Effect of Reclassification

Accumulated Surplus
Housing Development Fund

524,678,201	447,751,348
0	0

For further detail please see Note 1/2 above.

Note 44

[illegible]

Reconciliation of carrying value	Furniture & Office Equipment		Machinery & Equipment		Computer Equipment	Transport Assets	Intangible Assets	Solid Waste Disposal	Heritage Assets	Dwellings	Roads	Non Residential Dwellings	Land	Cemeteries	Electricity	Housing Schemes	Assets under construction	Total
Carrying values at 30 June 2012	2,713,383	4,122,856	1,014,782	11,622,800	120,480	7,468,263	91,013	16,842,417	209,025,918	74,162,577	43,628,092	1,733,657	962,236	11,777,871	113,749,561	499,035,905		
Represented by Cost/revaluation	5,837,578	8,012,651	2,147,535	22,037,340	272,515	8,873,925	91,013	21,843,654	229,760,981	88,864,887	43,628,092	2,099,761	1,212,748	11,777,871	113,749,561	560,210,112		
Cost	4,446,172	7,231,891	2,004,914	20,832,986	271,542	8,853,703	38,613	21,843,654	229,760,981	88,864,887	43,628,092	2,099,761	1,212,748	11,777,871	113,749,561	556,617,376		
Revaluation	1,391,406	780,760	142,621	1,204,354	973	20,222	52,400	0	0	0	0	0	0	0	0	3,592,736		
Accumulated depreciation	-3,124,194	-3,889,795	-1,132,753	-10,414,541	-152,035	-1,405,662	0	-5,001,237	-20,735,062	-14,702,311	0	-366,104	-250,512	0	0	-61,174,206		
Cost	-3,124,194	-3,889,795	-1,132,753	-10,414,541	-152,035	-1,405,662	0	-5,001,237	-20,735,062	-14,702,311	0	-366,104	-250,512	0	0	-61,174,206		
Revaluation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Carrying values at 30 June 2012	2,713,383	4,122,856	1,014,782	11,622,800	120,480	7,468,263	91,013	16,842,417	209,025,918	74,162,577	43,628,092	1,733,657	962,236	11,777,871	113,749,561	499,035,905		
For recon to PY values please see attached reconciliation.																		499,083,796

Reconciliation of carrying value	Furniture & Office Equipment	Machinery & Equipment		Computer Equipment	Transport Assets	Intangible Assets	Solid Waste Disposal	Heritage Assets	Dwellings	Roads	Non Residential Dwellings	Land	Cemeteries	Electricity	Housing Schemes	Assets under Construction	Total	
Carrying values at 01 July 2010	2,338,274	4,967,536	901,823	9,514,157	150,193	7,640,712	0	14,316,781	37,183,268	913,432	58,304,391	13,708,524	1,873,737	1,482,350	13,430,578	98,067,617	264,793,373	
Acquisitions	416,611	230,905	317,356	2,519,752	63,420	230,350	38,613	3,396,737	75,008,188	0	15,371,446	0	0	0	0	68,676,702	166,270,080	
Increases/ (decreases) in revaluation	733,022	780,760	142,621	1,204,354	973	20,222	52,400								3,864,854	6,799,206		
Depreciation	-617,748	-772,271	-305,553	-2,083,963	-49,913	-202,411		-720,322	-3,216,180	0	-2,552,399	0	-69,944	-50,665	0	0	-10,641,369	
Carrying value of disposals	0	0	-11,224	0	0	0	0	0	0	0	-913,432	0	0	0	-4,561,082	0	-5,485,738	
Carrying values at 30 June 2011	2,870,159	5,206,930	1,045,023	11,154,300	164,673	7,688,873	91,013	16,993,196	108,975,276	0	71,123,438	13,708,524	1,803,793	1,431,685	12,734,350	166,744,319	421,735,552	
Adjustments	-107,347	-451,847	-30,588	-809,275	-25,555	-2,936	0	611,179	216,580	0	57,118	29,919,568	0	-431,114	3,750	-659,297	28,290,237	
Carrying values at 01 July 2011	2,762,812	4,755,083	1,014,435	10,345,025	139,118	7,685,937	91,013	17,604,375	109,191,856			71,180,556	43,628,092	1,803,793	1,000,571	12,738,100	166,085,023	450,025,789
Acquisitions	15,272	394,958	395,118	4,076,323	18,800							284,995				60,158,524	65,343,990	
Fair Value Adjustments	658,384															658,384		
Transfer of Completed Projects from Work in Progress									107,418,753			5,075,233				-112,493,986	0	
Initial Recognition of Land																	31,994,000	
Depreciation	-694,011	-989,225	-351,643	-2,481,772	-37,438	-217,674	0	-761,958	-6,576,428			-2,378,208	0	-70,136	-38,335	0	-14,596,827	
Carrying value of disposals	-9,291	-13,569	-28,912	-288,105	0	0	0	0	-1,008,262			0	0	0	-960,229	0	-2,308,369	
Impairment losses	-19,782	-24,392	-14,216	-28,671													-87,062	
Carrying values at 30 June 2012	2,713,383	4,122,856	1,014,782	11,622,800	120,480	7,468,263	91,013	16,842,417	209,025,918			74,162,577	43,628,092	1,733,657	962,236	11,777,871	113,749,561	499,035,905

APPENDIX A: ANNUAL FINANCIAL STATEMENTS

Schedule of External Loans

External loan	Interest rate	Period of loan	Balance as at 30 June 2011	Received during the year	Adjustments to correct the previous year	Redeemed/ written off during the year	Balance as at 30 June 2012	Short term Portion		2012 Interest accrued for the year
								2012	2011	
Other Long-term Loans										
uMsekeli Financial Services Development Bank of SA Ltd (MPRA Loan)	0.00%		889,694 1,200,000			-1,200,000	889,694 0	889,694 0	889,694 285,239	40,611
Total Long-term Loans			2,089,694	0	0	-1,200,000	889,694			
Annuity Loans										
Development Bank of SA Ltd	Various	Various	77,349			-44,766	32,582	9,594	44,769	10,028
	(9.6%-17.65%)	(2009-2015)								
uMsekeli Financial Services Library	10.00%		77,290				77,290	77,290	77,290	
Roads and drains	10.00%		437,923				437,923	437,923	437,924	
Total Annuity Loans			592,562	0	0	-44,766	547,795			
TOTAL EXTERNAL LOANS										
			2,682,256	0	0	-1,244,766	1,437,489	1,414,501	1,734,916	50,639

Analysis of Property Plant and Equipment

Cost / Revaluation		Accumulated Depreciation																
		Opening Balance	Work in Progress	Restated Opening Balance	Fair Value Adjustments/ Impairment losses		Work in Progress transferred to Additions		Disposals	Closing Balance	Opening Balance		Additions		Disposals	Closing Balance	Carrying Value 0 2012	Carrying Value 0 2011
		R				R					R				R		R	R
Furniture and Office Equipment																		
	5,210,210		5,210,210	15,272	638,602	-26,506			5,837,578	2,447,398	694,011	-17,215	3,124,194		2,713,383	2,762,812		
Machinery and Equipment																		
	7,672,379		7,672,379	394,958	-24,392	-30,294			8,012,651	2,917,296	989,225	-16,726	3,889,795		4,122,856	4,755,083		
Computer Equipment	1,946,719		1,946,719	395,118	-14,216	-180,086			2,147,535	932,284	351,643	-151,174	1,132,753		1,014,782	1,014,435		
Transport Assets	18,506,767		18,506,767	4,076,323	-28,671	-517,078			22,037,340	8,161,742	2,481,772	-228,973	10,414,541		11,622,800	10,345,025		
Intangible Assets	253,715		253,715	18,800					272,515	114,597	37,438		152,035		120,480	139,118		
Solid Waste Disposal	8,873,925		8,873,925						8,873,925	1,187,988	217,674		1,405,662		7,468,263	7,685,937		
Heritage Assets	91,013		91,013						91,013	0	0		0		91,013	91,013		
Dwellings	21,843,654	4,472,976	26,316,630						26,316,630	4,239,279	761,958		5,001,237	21,315,393	22,077,351			
Roads	123,551,370	158,167,786	281,719,156	167,577,277		-1,209,142	-107,418,753		340,668,538	14,359,514	6,576,428	-200,880	20,735,062	319,933,475	267,359,642			
Non Residential Dwellings	83,504,659		83,504,659	5,360,228			-5,075,233		83,789,654	12,324,103	2,378,208		14,702,311	69,087,344	71,180,556			
Land	43,628,092		43,628,092		0				43,628,092	0			0	43,628,092	43,628,092			
Cemeteries	2,099,761	3,444,260	5,544,021						5,544,021	295,968	70,136		366,104	5,177,917	5,248,053			
Electricity	1,212,748		1,212,748						1,212,748	212,177	38,335		250,512	962,236	1,000,571			
Housing Schemes	12,738,100		12,738,100			-960,229			11,777,871	0			0	11,777,871	12,738,100			
	331,133,113	166,085,022	497,218,135	177,837,976	571,322	-2,923,336	-112,493,986		560,210,111	47,192,346	14,596,827	-614,967	61,174,206	499,035,905	450,025,789			

APPENDIX C: ANNUAL FINANCIAL STATEMENTS

Segmental Analysis of Property, Plant and Equipment

	Opening Balance	Additions	Fair Value Adjustments/Initial Recognition	Disposals	Impairment	Closing Balance	Accumulated Depreciation					2011 Carrying Value
							Opening Balance	Current Depreciation	Disposals	Closing Balance	2012 Carrying Value	
	R	R		R	R	R	R	R	R	R	R	R
Administration	947,328	59,033		-414,242	-16,309	575,810	495,173	123,961	-324,817	294,317	281,493	452,155
Civic Buildings	4,417,862	261,704		0	0	4,679,566	850,102	151,607	0	1,001,710	3,677,856	3,567,760
Clinic	202,219	458		0	-2,873	199,803	80,814	9,139	0	89,953	109,851	121,404
Environmental Services	38,478	0		0	0	38,478	25,285	5,431	0	30,716	7,762	13,193
Public Works	301,214	0		0	0	301,214	151,042	42,976	0	194,017	107,197	150,172
Estates	23,638	0		0	0	23,638	6,695	883	0	7,578	16,060	16,943
Roads and Drainage	284,293,371	40,282,923		0	-80	324,576,214	15,392,932	6,931,347	-200,880	22,123,398	302,452,815	288,900,439
Traffic Services	3,189,124	150,023		0	-4,997	3,334,150	1,130,329	383,204	0	1,513,533	1,820,617	2,058,794
Beach	26,113,219	9,410		0	0	26,122,629	7,391,737	864,943	0	8,256,680	17,865,949	18,721,482
Library	13,255	0		0	0	13,255	11,063	314	0	11,376	1,879	2,192
Parks and Gardens	29,642,016	2,825,132		-1,298,709	-701	31,167,738	3,686,283	984,506	-56	4,670,734	26,497,004	25,955,733
Refuse	8,758,994	3,304		0	-1,146	8,761,152	1,171,028	208,194	0	1,379,222	7,381,930	7,587,966
Trade Licensing	0	0		0	0	0	0	0	0	0	0	0
Sewerage	3,734	0		0	0	3,734	2,240	107	0	2,347	1,387	1,494
Stores	0	0		0	0	0	0	0	0	0	0	0
Workshop	17,586	0		0	0	17,586	11,161	2,529	0	13,691	3,896	6,425
Water Shayamoya	0	0		0	0	0	0	88,707	0	88,707	-88,707	0
Caravan Park	2,640,261	80,927		0	0	2,721,188	806,465	29,281	0	835,746	1,885,442	1,833,796
Housing Service	45,125,086	6,697		-960,229	-38	44,171,515	132,768	955	0	133,723	44,037,792	44,992,318
Land	0	79,815		0	0	79,815	0	312,392	0	312,392	-232,577	0
Corporate Services	2,137,539	355,406		0	-11,551	2,481,395	1,045,679	1,620,231	0	2,665,909	-184,514	1,091,861
Technical Services	15,690,497	3,870,036	658,384	-250,021	-7,282	19,961,613	5,024,380	176,285	-35,791	5,164,875	14,796,738	10,666,116
Council	19,622,004	7,006,493		0	0	26,628,496	608,884	16,334	0	625,218	26,003,279	19,013,120
Council General	121,644	13,210		0	0	134,853	38,756	2,493,265	0	2,532,021	-2,397,168	82,888
Community Services	52,978,038	10,171,415		0	-40,378	63,109,074	8,740,132	119,414	-53,295	8,806,251	54,302,824	44,237,906
Finance	753,076	106,141		-135	-1,426	857,656	310,631	6,771	-129	317,274	540,383	442,445
Building	33,954	16,691		0	-142	50,503	15,044	24,054	0	39,098	11,405	18,909
Planning and Development	154,002	45,173		0	-138	199,037	63,723		0	63,723	135,313	90,278
Investment Properties	497,218,135	65,343,990	658,384	-2,923,336	-87,061	560,210,112	47,192,348	14,596,827	-614,967	61,742,08	499,035,904	450,025,788
	2,176,976		11,000,000			13,176,976	37,660			37,660	13,139,316	
	499,395,111	65,343,990	11,658,384	-2,923,336	-87,061	573,387,088	47,230,008	14,596,827	-614,967	61,218,88	512,175,220	450,025,788

APPENDIX D: ANNUAL FINANCIAL STATEMENTS

Segmental Statement of Financial Performance

	2012 Actual Income	2012 Actual Expenditure	2012 Surplus/ (Deficit)	2011 Actual Income	2011 Actual Expenditure	2011 Surplus/ (Deficit)
	R	R	R	R	R	R
Council General	24,110,993	13,592,572	10,518,421	20,805,453	12,528,044	8,277,409
Financial Services	120,337,963	23,405,782	96,932,181	226,358,616	16,053,737	210,304,879
Technical Services	6,742,963	47,660,539	-40,917,576	9,154,982	42,241,076	-33,086,094
Corporate Services	230,391	11,793,948	-11,563,557	178,247	11,746,003	-11,567,756
Community Services	14,733,960	31,511,251	-16,777,291	14,239,313	30,306,824	-16,067,511
Planning and Development	952,549	5,288,220	-4,335,671	825,404	4,857,571	-4,032,167
Total	167,108,819	133,252,312	33,856,507	271,562,015	117,733,255	153,828,760

APPENDIX E(1): ANNUAL FINANCIAL STATEMENTS

Actual Compared with Revenue and Expenditure

	Actual		Budget		Variance		Explanation for variances greater than 15%
	2012		2012		2012		
	R		R		R		
	%				%		
REVENUE							
Property rates	52,471,539	52,418,016	-53,523	-0.10%			
Property rates: penalties imposed & collection charges	1,953,711	3,000,000	1,046,289	34.88%		Decrease in penalties due to stringent debt recovery processes resulted in lower than anticipated penalties and interest charged.	
Service charges	6,470,180	7,113,000	642,820	9.04%			
Rental of facilities and equipment	4,581,771	4,484,369	-97,402	-2.17%			
Interest earned- external investments	7,709,598	3,409,100	-4,300,498	-126.15%		Due to prudent investment of Council funds , interest earned was higher than expected.	
Fines and penalties	1,159,344	1,426,341	266,997	18.72%		Due to implementation of strict traffic laws, undercollection on revenue has materialised	
Licences and permits	5,677,587	6,266,301	588,714	9.39%			
Government grants and subsidies	83,280,026	41,436,701	-41,843,325	-100.98%		The implementation of GRAP requires the recognition of grant revenue in accordance with income occurred. Due to the rollout of the disaster rehabilitation programme, the expenditure had increased substantially	
Other income	3,805,063	4,698,894	893,831	19.02%		Undercollection of Development Levy and fire services income	
Total Revenue	167,108,819	124,252,722	-42,856,097	-34.49%			
EXPENDITURE							
Council General	13,592,572	13,942,718	350,146	2.51%			
Financial Services	23,405,782	15,203,158	-8,202,624	-53.95%		Due to actuarial valuation costs and increase in provision for bad debt	
Technical Services	47,660,539	48,041,109	380,570	0.79%			
Corporate Services	11,793,948	11,837,470	43,522	0.37%			
Community Services	31,511,251	30,671,916	-839,335	-2.74%			
Planning and Development	5,288,220	4,555,456	-732,764	-16.09%			
Total Expenditure	133,252,312	124,251,827	-9,000,485	-7%			
NET SURPLUS/ (DEFICIT) FOR THE YEAR	33,856,507	895	-33,855,612	-3782749.94%			

APPENDIX E(2): ANNUAL FINANCIAL STATEMENTS

Actual Versus Budget - Acquisition of Property, Plant and Equipment

	2012 Total Additions		2012 Budget		2012 Variance		2012 Variance		Explanations for variances greater than 15%								
	R		R		R		%										
Council General	106,400		109,400		3,000		2.74%										
Financial Services	136,772		71,355		-65,417		-91.68%	Grant Funded Capital Expenditure has been spent directly against the Grant									
Technical Services	72,066,875		110,546,520		38,479,645		34.81%	Due to unforeseen circumstances and incimate conditions, completion of projects could not be finalised within the anticipated timeframes									
Corporate Services	207,402		171,000		-36,402		-21.29%	Infrastructure for Security had been urgently required									
Community Services	2,314,980		2,572,926		257,946		10.03%										
Planning and Development	11,350		11,686		336		2.88%										
	74,843,779		113,482,887		38,639,108		34.05%										

APPENDIX F: ANNUAL FINANCIAL STATEMENTS

Disclosure of Grants and Subsidies in terms of Section 123 of MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	RECEIPTS					EXPENDITURE				Transfer to National Treasury	Bal 30.06.2012	Grants and Subsidies Delayed or Withheld	Reason for delay withholding of funds	Compliance with the grant conditions	Reason for non-compliance
		Total 01.07.2011	July to Sept	Oct to Dec	Jan to Mar	April to June	July to Sept	Oct to Dec	Jan to Mar	April to June						
			1	2	3	4	1	2	3	4						
Renaissance Project	KZN Dept of Housing	-173,437						78,900				-94,537	Nil	NA	Yes	NA
Skills Training Centre	DTLGA	-148,052							83,755	58,789		-5,508	Nil	NA	Yes	NA
Municipal Infrastructure Grant	National Treasury	-53,519	-12,164,000		-864,000		1,626,083	1,642,145	4,225,202	5,588,089		0	Nil	NA	Yes	NA
Municipal Infrastructure Grant Flood Disaster	National Treasury	-104,525,962					5,861,748	12,678,719	5,469,306	7,874,157	9,689,801	-62,952,231				
MIG Tidal Surge	National Treasury	-1,351,411										-1,351,411	Nil	NA	Yes	NA
Environmental Management Practice	KZN Agric & Env Affairs	-147,771	-100,000				147,771					-100,000	Nil	NA	Yes	NA
Malangen Library	KZN Library Services	-46,427										-46,427	Nil	NA	Yes	NA
Scottburgh Library Internet	KZN Library Services	-14,868	-96,000				24,456	23,305	24,480	24,560		-14,067	Nil	NA	Yes	NA
SETA Finance	Local gov Seta	-12,541	-112,844	-56,160	-107,725	-58,601	27,776	9,251	89,992	78,520		-142,332	Nil	NA	Yes	NA
Management Grant	National Treasury	-520,775	-1,450,000				309,666	261,211	438,654	596,009		-365,235	Nil	NA	Yes	NA
Communal Gardens Upgrade (LED)	National Treasury	-73,601	-790,000				711,610	29,342	27,855	35,977		-58,817	Nil	NA	Yes	NA
Malangen Library 0 Cybercadet	Old Mutual	-86,615						78,000				-8,615	Nil	NA	Yes	NA
Strategic Env Assess	DTLGA	1,628	-90,000				23,902	24,358	24,358	15,754		0	Nil	NA	Yes	NA
Tourist Development	Ugu District Municipality	-418,981					197,806	34,607		84,487		-102,081	Nil	NA	Yes	NA
Youth Development	Ugu District Municipality	-29,234					3,600	5,400				-20,234	Nil	NA	Yes	NA
		25,711				-25,711						0	Nil	NA	Yes	NA

APPENDIX F: ANNUAL FINANCIAL STATEMENTS

(Continued)

Name of Grants	Name of organ of state or municipal entity	RECEIPTS				EXPENDITURE				Transfer to National Treasury	Bal 30.06.2012	Grants and Subsidies Delayed or Withheld	Reason for delay withholding of funds	Compliance with the grant conditions	Reason for non-compliance
		Total 01.07.2011	July to Sept	Oct to Dec	Jan to Mar	April to June	July to Sept	Oct to Dec	Jan to Mar	April to June					
			1	2	3	4	1	2	3	4					
IDP Review Grant	DTLGA	-50,544						43,605		1,589	-5,350	Nil	NA	Yes	NA
Disaster Centre	DTLGA	-844,217									-844,217	Nil	NA	Yes	NA
Municipal Pound	COGTA	-1,000,000									-1,000,000	Nil	NA	Yes	NA
National Electrification Grant	National Treasury	-4,536,000									-4,536,000	Nil	NA	Yes	NA
Environmental Management Grant	KZN Environmental Affairs	-15,000					15,000				0	Nil	NA	Yes	NA
Sports and Recreation (Winter Games Prize)	Ugu District Municipality	-3,000									-3,000	Nil	NA	Yes	NA
LED Learnership	COGTA	-110,211									-110,211	Nil	NA	Yes	NA
Umzinto Library		0	-85,000					6,531	21,675	21,674	-35,120	Nil	NA	Yes	NA
0 Internet and Cybernet															
Library Services		0	-1,866,720				475,759	504,425	520,107	366,429	0	Nil	NA	Yes	NA
Fresh Produce Market		0		-580,000						357,252	-222,748	Nil	NA	Yes	NA
Park Fynie Industrial Park		0		-8,000,000				1,133,709	1,862,690	3,340,168	-1,663,433	Nil	NA	Yes	NA
Thusong Centre		0	-500,000							27,409	-472,591	Nil	NA	Yes	NA
		-114,134,827	-17,254,564	-8,636,160	-971,725	-84,312	9,425,177	16,553,508	12,788,074	18,470,863	-74,154,165				

Oversight Report

Draft Minutes of the Oversight Committee



UMDONI MUNICIPALITY

Oversight Committee Meeting

Minutes of an Oversight Committee Meeting
held at the Umdoni Municipality, Scottburgh Offices,
Council Chambers on Tuesday 22 January 2013 at 09:30

ATTENDANCE :

Councillors :

Clr GN Mbambo	Chairperson
Clr MN Maphumulo	Committee Member
Clr BJ Mtolo	Committee Member
Clr S Sookhraj	Committee Member

Public Representatives

Rev Luthuli
Mrs E Collins

Government Departments

Ms V Parumaul	CoGTA
Ms N Singh	CoGTA

Service Provider

Mr Maharaj	Total Media Solutions
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Heads of Department

Mr DD Naidoo	Municipal Manager
Mr A Nunkumar	GM Financial Services
Mr X Luthuli	GM Community Services
Mr N Manyathi	GM Technical Services
Mrs L Harisingh	Manager Internal Audit
Mrs C Douglas	Snr Committee Officer

APOLOGIES / ABSENT

Clr M Moodley

Mr S Dludla (GM Corporate Services)

Mrs C Vezi (GM Planning and Development)

1. NOTICE OF MEETING

The Municipal Manager opened the meeting and welcomed all those present. The Notice of Meeting was taken as read.

2. ATTENDANCE

As recorded above.

3. ELECTION OF CHAIRPERSON

Council resolved on the Membership (including Chairperson) of the Oversight Committee and as such this item was removed from the agenda. The Municipal Manager handed over to the Chairperson, Clr Mbambo.

4. PRAYER

Clr Sookhraj led the meeting in Prayer.

5. BACKGROUND INFORMATION AND CIRCULAR NO. 63 FROM PROVINCIAL TREASURY

MFMA Circular No. 63 was appended to the agenda. General Manager Financial Services briefed Committee regarding the content of the circular and the Municipal Manager also explained that the purpose of the circular was to guide the Municipality in respect of timeframes, content, and format of the Annual Report. The Circular also assists the Oversight Committee in respect of evaluating the Annual Report.

6. DISCUSSION – FIRST DRAFT 2011/12 ANNUAL REPORT

MM advised that previous Oversight Meetings had been inquorate and he raised concern regarding the timeframes going forward. MM also stressed the importance of ensuring that the Annual Report is adopted by 31 March 2013, noting the deadlines as contained in the above Circular. MM also stressed that the Annual Report must be tabled by 31 January 2013,

Ms Parumaul (CoGTA) advised that there appears to be a lot of outstanding schedules and much work is still required in order to complete the Annual Report she stressed the importance of ensuring a further oversight meeting is called so that the Committee can ensure that the Report is fully compliant. It was reported that CoGTA will issue further comments once the Annual Report has been tabled at Council. AG shall also comment after the report has been tabled.

Discussions also ensued regarding the advertising of the Annual Report and calling for public comment. Noted that the Annual Report had been advertised during December, however, as it was not a completed document, Committee agreed that the Annual Report, after having been tabled must be re-advertised calling for comments within 21 days. CoGTA stressed that the report that is to be tabled must be a “final report” and outstanding issues that still need to be included thereafter can be done via recommendations of the Oversight Committee.

Noted that there is a lot of information excluded from the current draft and that the information will need to be included PRIOR to the document being tabled on 30 January 2013. Snr Management to deal with these aspects.

WAY FORWARD :

That Snr Management to ensure that the missing information is included in the Annual Report PRIOR to the Annual Report being tabled at Council on 30 January 2013;

That after having tabled the Annual Report, that the document be advertised for 21 days calling for public comment. (Annual Report once tabled, is also to be forwarded to CoGTA and Auditor General for comments);

That a further Oversight Meeting be called once comments have been received.

That GM Corp ensure that the Oversight Report calling for adoption of the Annual Report serves before Council within the legislated timeframe of 31 March 2013.

CoGTA raised the following aspects that need to be dealt with and included in the Annual Report : (Note the page numbers referred to are as per the copy of the draft document which was e-mail to CoGTA).

• Outstanding Information :

- Information pertaining to MTAS;
- MM's Foreword
- Financial Information on CAPEX, Cash flow and other financial matters, statement of financial performance.
- Appendices : I, J, K, L, M, N, O, P, Q, R, S, T
- Council Organogram (Appendix F)
- Page 35 – Information regarding “audit reports” needs to be corrected;
- Page 45 – Policies – Only adopted policies are indicated and it was suggested that other policies and “stage of implementation” be included.
- Page 57 – Clinics table – dates / timelines need to be checked and corrected;
- Page 60 – Graphs are incomplete (i.e. X and Y axis does not reflect what they represent;

- Page 65 – Cemeteries - dates may be incorrect;
- Page 78 – Trends of personnel expenditure – figures to be clarified (i.e. are they referring to thousands or millions);
- Page 94 – Appendix G - recommendations of Audit Committee – it appears that the management plan of corrective action is reflected, and CoGTA was of the view that therefore the Recommendations of the Audit Committee are not in the Annual Report and need to be included.
- Further specific comments in respect of the Managements plan of correction action will be forwarded;
- Page 96 – Expenditure Management – CoGTA was of the view that the Management Plan does not address the problems and is not clear in respect of what is going to be done to resolve the problems. (2011/12).
- Assessment of performance against measurable performance objectives for revenue collection by the accounting officer – legislation requires that this information is included.
- Assessment of arrears of municipal taxes and service charges – Legislation requires that this is included.
- Recommendations of the Audit Committee.

It was requested that CoGTA forward the above issues to Umdoni Municipality by way of e-mail. GMFS and MIA shall deal with the financial matters or obtain further clarity from CoGTA wherever necessary.

5. CLOSURE

The Chairperson thanked all for their attendance and closed the meeting at 10:40

COUNCILLOR GM MBAMBO
CHAIRPERSON



UMDONI MUNICIPALITY Oversight Committee Meeting

Minutes of an Oversight Committee Meeting
held at the Umdoni Municipality, Scottburgh Offices,
Council Chambers on Wednesday, 20 March 2012 at 13:15

PRESENT :

Councillors :

Clr GN Mbambo	Committee Member – (arrived late)
Clr BJ Mtolo	Committee Member
Clr MN Maphumulo	Committee Member
Clr S Sookhraj	Committee Member

Public Representatives

Rev Luthuli – (arrived late)
Mrs E Collins

Department of Co-Operative Governance

Ms Perumal

Service Provider

Mr G Maharaj Total Media Solutions

Officials

Mr XS Luthuli	Municipal Manager – (arrived late)
Mr SG Dludla	GM Corporate Services – (Left the meeting early)
Mr A Nunkumar	GM Financial Services
Mr S Zamisa	Acting GM Community Services – (arrived late)
Mrs N Harisingh	Manager Internal Audit
Ms P Bhengu	Representative – GM Planning & Development – (arrived late)
Ms S Dlamini	PA Corporate Services
Mrs S Khan	Committee Clerk

APOLOGIES / ABSENT

Member of the Audit Committee

Mr M Manyathi	GM Technical Services
Mrs C Vezi	GM Planning & Development

1. NOTICE OF MEETING

The notice of meeting was read by the GM Corporate Services.

2. ATTENDANCE

As recorded on page one of these minutes.

3. CONFIRMATION OF MINUTES OF THE OVERSIGHT MEETING HELD ON TUESDAY, 22 JANUARY 2013

On the proposal of Cllr Sookhraj, seconded by Cllr Maphumulo the minutes of the Oversight Committee meeting held on 22 January 2013 were confirmed.

4. MATTERS ARISING FROM THE OVERSIGHT MEETING HELD ON TUESDAY, 22 JANUARY 2013

There were no matter arising from the minutes.

5. ADVERTISING OF THE DRAFT 2011/12 ANNUAL REPORT

The draft 2011/12 Annual Report was advertised for public comment and placed in all municipal libraries and municipal offices from 5 February to 25 February 2013. No comments were received from the public.

Following the first Oversight Committee Meeting, comments received from CoGTA were addressed or implemented accordingly. All HODs submitted all outstanding information.

At the Oversight meeting Ms Perumal (CoGTA) had tabled a report containing recommendations based on the plan of corrective measures.

Manager Internal Audit informed that a report to address the plan of corrective measures was forwarded to the Office of the Auditor General (SA). A preliminary process has commenced with the AG-SA in addressing issues raised. The corrective measures plan placed on the annual report is the plan that has already been adopted through the Council via the Audit Committee. At the Audit Committee meeting there had been representation from the Auditor General (SA), CoGTA, Provincial Treasury and Umdoni Municipality Senior Management. The Audit Committee meeting was held on 19 December 2012 and the Council meeting was held on 30 January 2013. At both these meetings the Plan of Corrective Measures was presented. During the period December to March CoGTA had the opportunity to raise concerns and submit issues on the plan of corrective measures.

Manager Internal Audit suggested that the recommendations to the Plan of Corrective Measures proposed by CoGTA be submitted as an addendum to the Annual Report and be dealt with as an operational issue. She further stated that the plan of corrective measure which now

stands as Council resolutions cannot be superseded without due procedure being followed i.e. recommendation from Audit Committee to Council.

Ms Perumal stated that the plan was partially adequate and suggested that the plan be amended, especially where issues have not been addressed. She stated that a plan cannot be implemented which does not address all the audit issues. In terms of the Section 131 report to the MEC, recommendations are based on the Annual Report tabled at Council, beside all the processes that the Municipality has to go through, Ms Perumal recommended that the plan be reviewed by the Oversight Committee and it be included in the Oversight report, in terms of the deficiencies in addressing the audit queries. This would be part of the analysis that would need to have been carried out by the Oversight Committee.

Manager Internal Audit stated that to date the Municipality had not received in writing, from CoGTA, the inadequacies in terms of Section 131. The matter is being raised verbally at the meeting to be introduced in the Oversight report.

At this stage of the meeting only GM Financial Services and Manager Internal Audit were present at the meeting. The Chairperson queried the absence of other HODs and expressed frustration in this regard as their absence was delaying the meeting and a decision cannot be taken. The Municipal Manager arrived at this stage and apologised for his late arrival. He stated that the absence of HOD's will be dealt with.

GM Financial Services concurred with Manager Internal Audit making reference to financial issues arising from analysis tabled, commented that the recommendations of CoGTA can be taken into consideration in day-to-day activities, further the action plan cannot be amended at this stage and was not within the ambit of the Oversight Committee.

Ms Perumal stated that recommendations were a guideline to ensure that the audit queries are addressed. Management thanked CoGTA for their assistance and guidance on various issues. Management would engage on an operational level to ensure that best practices are implemented and to ensure that a clean audit is achieved in future years.

WAY FORWARD :

Ms Perumal to forward comments and recommendations to the plan of corrective measures in writing to Management to be dealt with at MANCO as an operational issue.

6. CONSIDERATION OF THE DRAFT 2011/2012 ANNUAL REPORT

The draft 2011/2012 annual report was tabled at the meeting.

7. COMPLETION AND SIGNING OF THE ANNUAL REPORT CHECKLIST

The checklist was attached as annexure 3 to the agenda. Manager Internal Audit reported that certain changes had been made to the annual reporting process and format. There are on-going changes which have affected the 2012/2013 financial year.

The purpose of the checklist was to seek approval from the Committee to ensure that there is transparency to show that procedures were followed and a viable Annual Report was produced. Explanation provided by Manager Internal Audit is recorded as follows:-

1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA 121 (3)(j) and 121 (4)(g) Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities.	Has been attended to.
2. Disclosures - Allocations received and made - Section 123-125 MFMA	Noted in the appendices a specific section has been included that deals with the disclosure for all Section 57 employees and is recorded as per AFS.
4. Municipal Performance	AG-SA has raised performance as a weak area in the 2011/2012 audit. The performance report has been compiled as at 31 August 2013. Actual changes have been based on this report. The Municipal performance has been presented as an Annual Performance Report on the Oversight Report which has been dealt with. This report has since been included in the Annual Report.
5. General information	
Relevant information on municipal entities.	No entities at Umdoni Municipality.
The use of any donor funding support.	Umdoni Municipality does not receive donor funding.
Agreements, contracts and projects under Private-Public-Partnerships.	Agreements entered into have been included. Private-Public-Partnerships – nil for the year under review.
Service delivery performance on key services provided.	Address under Municipal Performance
Information on long-term contracts.	Included under appendices. At Umdoni Municipality all contracts are under short term.

ANNUAL REPORT 2011–2012

Ngonyaka ka 2020, uMkhandlu dolobha waseMdoni uyobe uyigugu lezindawo ezigudle Ugu.

Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	Has been included in the AG (SA) report as a weakness. Has been addressed through the Corporate Services and the corrective measures plan were it is tracked by leadership through a dashboard reporting with IT receiving necessary attention.
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework.	Included under appendices. To be included in IDP. Capex per Ward has to be included together with a three year forecast of expenditure.
6. Other considerations recommended	
Timing of reports.	Per the Oversight Committee.
Oversight committee or other mechanism.	Minutes together with a summary of the Oversight process would be forwarded to Council.
Payment of performance bonuses to municipal officials.	Included in the AFS and AG (SA) has adopted a performance bonus payment process.
Overtime Policy.	Amendments and review have been included.

8. WAY FORWARD: OVERSIGHT REPORT TO COUNCIL

The first draft Annual Report was presented to the Auditor General (SA) and CoGTA in October 2012 and the comments received from CoGTA herein were dealt with.

Further, an informal Oversight Meeting was convened on Monday, 18 March 2013 to address and finalise any outstanding issues and prepare for the Oversight meeting on 20 March 2013.

Ms Perumal stressed that the Oversight Report should be an independent report prepared by the Chairperson of the Oversight Committee. Ms Perumal comments were noted.

WAY FORWARD :

That an Oversight Report be presented to the March 2013 Council Meeting recommending adoption of the Annual Report for the 2011/2012 financial year.

9. CLOSURE

The Chairperson thanked all for their attendance and the meeting was closed at 14:40.

CONFIRMED THIS _____ DAY OF _____

CHAIRPERSON, OVERSIGHT COMMITTEE

ACKNOWLEDGEMENTS



- Produced for Umdoni Municipality by Total Media Solutions (TMS) 
- Special thanks to the office of the Auditor General (SA) and the Audit Committee Chairperson for their assistance.

ACRONYMS AND ABBREVIATIONS

AC	Audit Committee	GM	General Manager
AG(SA)	Auditor General of South Africa	GM Comm	General Manager Community Services
AIDS	Acquired Immune Deficiency Syndrome	GMCS	General Manager Corporate Services
ANC	African National Congress	GMFS	General Manager Financial Services
BBBEE	Broad-Based Black Economic Empowerment	GMTS	General Manager Technical Services
CAO	Chief Accounting Officer	GRAP	Generally Recognised Accounting Practices
CBD	Central Business District	HH	Households
CD	Community Development	HIV	Human Immune Virus
CFO	Chief Financial Officer	HoD	Head of Department
Cllr	Councillor	HR	Human Resources
CoGTA	Department of Co-operative Governance and Traditional Affairs	HS	Human Settlements
DA	Democratic Alliance	IDP	Integrated Development Plan
DEDT	Department of Economic Development and Tourism	ISRDP	Integrated Sustainable Rural Development. Programme
DFA	Development Facilitation Act	IFP	Inkatha Freedom Party
DM	District Municipality	IGR	InterGovernmental Relations
DoH	Department of Health	IT	Information Technology
DoL	Department of Labour	KPA	Key Performance Area
DWAF	Department of Water Affairs and Forestry	KWANALOGA	KwaZulu Natal Local Government Association
EE	Employment Equity	KZN	KwaZulu-Natal
EXCO	Executive Committee	LED	Local Economic Development
F&A	Finance and Administration Committee	LM	Local Municipality
FBS	Free Basic Services	LUMS	Land Use management System
FY	Financial Year	M&E	Monitoring and evaluation
GAMAP	Generally Accepted Municipal Accounting Practices	MF	Minority Front

ACRONYMS AND ABBREVIATIONS (continued)

MFMA	Municipal Finance Management Act, 2000	PM	Performance Management
MIA	Manager Internal Audit	PMU	Project Management Unit
ML&E	Manager Legal and Estates	SCM	Supply Chain Management
MM	Municipal Manager	SDBIP	Service Delivery, Budget and Implementation Plan
MSIG	Municipal Systems Improvement Grant	SDF	Spatial Development Framework
NFP	National Freedom Party	SEA	Strategic Environmental Assessment
NGO	Non-Governmental Organisation	Stats SA	Statistics SA
OPMS	Organizational Performance Management System	SMP&D	Senior Manager Planning and Development
PD&I	Planning, Development & Infrastructure Committee	WC	Ward Committee



UMDONI MUNICIPALITY

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